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REPLY BRIEF

AUG 23 2004

Local Boundary Commission

Naukati West

**Supporting Its Petition
For Second-Class City Status**



Gateway to Sea Otter Sound

August 11, 2004

Naukati West, Inc.

Resolution #04-01

Title: Naukati West, Inc.'s response to Respondent's Brief

Author: Board of Directors, Naukati West Inc.

Type: Principles

Whereas, the Board of Directors of Naukati West, Inc. have reviewed the Respondent's Brief; and

Whereas, the Board of Directors have addressed the Standards as identified by the Respondent in a timely response;

Whereas, the Board of Directors of Naukati West wants it to be hereby known that they wish to maintain an amiable relationship with the Respondent; and

Whereas, the Board of Directors wants it to be hereby known that they will abide with the decisions of the Local Boundary Commission; therefore, be it

RESOLVED, that the Board of Directors of Naukati West, Inc. are responding to the Respondent's Brief as a continuation of the petition process to become an Incorporated Second Class City.

Passed and approved on this 19th day of August 2004

By Arthur King Title: President

Attest: Mary Lou Smart Title: Secretary

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I.

INTRODUCTION

In accordance with 3 AAC 110.990 Naukati West has petitioned the Alaska Local Boundary Commission (LBC) for Incorporation to Second-Class City status, which includes Naukati East and Sarkar subdivision, a total of 44.0 square miles, this area is comprised of 34.18 square miles of land and 9.82 square miles of water.

Complete petition materials, including detailed maps of the area were available for public review at the Naukati Connection store and post office. This petition was also available on the Internet, a radio station, (KRBD) announced the petition for two weeks, and it was printed in the Island news for several weeks.

Responsive briefs supporting or opposing Naukati West Second-Class City status were to be filed in accordance with 3 AAC 110.480 by July 16, 2004. This is Naukati West's reply to those responsive letters and brief.

Each of the letters have many of the same responses, Naukati will address each issue. Summary comments and a discussion of each of the disputed regulatory standards set out in 3 AAC 110.090 to 110.140 will follow.

II.

IDENTIFICATION OF PARTIES FILING RESPONSIVE LETTERS AND BRIEF

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96740

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Scott Van Valin(Brief)
73-1201 Ahikawa Street
Kailua-Kona, Hawaii
96740

III. COMMENTS ON PARTICULAR RESPONSIVE LETTERS

- 1. The distance between Naukati/Sarkar being 25 to 40 minutes, or 8 to 10 miles apart.**

Most likely this is from each respondent's home and not from the entrance to Sarkar Subdivision. Naukati is 7 miles from Sarkar by road, and 3 miles from Naukati in air miles. We also realize that everyone drives at different speeds over the roads. We will have the Forest Service (F.S.) 20 road paved in the near future; the paving will be up to the North end of the island. This late summer we are getting the 2060 road upgraded into Naukati with the planned upgrade to the boat ramp. (See Appendix I)

- 2. Naukati did not discuss plans with residents of Sarkar.**

Mr. Nehring and Mr. Van Valin's letters both confirm that the petition had been discussed with them and in fact Mr. Nehring received a draft of the petition and discussed it with the other homeowners. (See Appendix A). Copy of Letters from Respondent

- 3. Sarkar residents have no need to come to Naukati for groceries, fuel or Church.**

The residents of Sarkar may have no need to come to Naukati, but in fact there are residents of Sarkar that receive mail at the Naukati Connection post office, there are residents of Sarkar that purchase supplies and fuel at the gas station and get their boats repaired here. We have Sarkar residents that some times attend the Churches here in Naukati. Naukati has many services that Sarkar insists that they have no need for. Naukati residents see Sarkar landowners in the community frequently.

Sarkar residents have been using the boat ramp to put in and take out their boats, the Sarkar landowners are seen at Naukati Connection store buying supplies, having repairs done on boats, in church, Sarkar lodge in the past purchased their fuel for their boats at Naukati Connection gas station. The residents of Sarkar also purchase merchandise from the plant nursery in Naukati. Naukati Connection Store, Post Office, gas, propane, tire repair, boat repair & boat fuel groceries, and liquor store is a

frequent stop for Sarkar. (See Appendix L). Letter from Andy Richter

4. Naukati is not a community of permanent residents.

On page 3 Section 8 (Population) on Naukati petition for second class city it is stated the different census counts of the population of residents of Naukati, out of the several different counts there was not one that was the same, so we opted for a house by house head count that is 144 including 11 persons being part time (summer time residents). Since that time we have had more of the part time residents become permanent, and more people have moved into Naukati so this has brought the permanent resident count to around 160. (See Appendix B) Copy of Petition.

5. Do residents of Naukati know that a second-class city can levy property tax?

At the time Naukati was unaware of this, it has since been discussed and the residents of Naukati are aware that second-class cities can levy property tax.

Naukati's second-class city petition proposed to not have property or sales tax. (See page 3 section 12 proposed city taxes). According to the State Assessors office, which is on line at

<http://www.dced.state.ak.us/dca/osa/pub/03Taxable.pdf>

Out of the 114-second class city's 35 have no taxes, 6 have property tax, 59 have sales tax and 9 have only a special tax. There are 30-second class city's that have a population under what there is in Naukati. The second-class city of Kupernof in fact has a population of 23 and no tax.

Naukati is capable in becoming a second-class city without property or sales tax. Naukati residents have stated that "they do not want property or a sales tax".

6. El Cap Lodge makes up to 80% of the bed tax revenue without any assurance of services that would benefit the lodge owner.

Naukati will provide a satellite Fire/EMS station with a fast response unit to be funded by grants. The services of

a well trained and equipped Fire/EMS squad of 16 firefighters and 5 EMS personal.

Road maintenance on the (FS) 20 660 road to the subdivision from the main North Island road (FS) 20.

Boroughs have been mandated and when that happens having a local governing body seems a better option than a borough government. (See Appendix B). Petition for Incorporation to second-class city page 25-H).

- 7. The Boundary Commission should tell Naukati to mature and wait to see if the shellfish nursery is viable or wait until there is a POW Borough.**

Filing for second-class city is a sign of maturation.

Naukati has been a homeowners association for 14 years and by seeking second-Class City status it is responding proactively to the threat to boroughlization.

- 8. There is not enough business in Naukati to support a city.**

Yes Naukati can support a city. Naukati West has been working hard on becoming a larger and more prosperous community for quite some time. Several new businesses opened in the last few years. Naukati has worked hard to provide revenue for the community.

Some of our business here have a Ketchikan address and some have NKI address because Naukati does not have it's own zip code. There are 9 business licenses filed in Ketchikan with a Naukati address. There are 8 business licenses filed with a Naukati address. (See Appendix C) Naukati Comprehensive Community Action Plan.

- 9. Sarkar does not want to be forced to pay taxes.**

Residents of Naukati and Sarkar pay sales tax in Crag, Klawock and Thorne Bay. In the Naukati petition we did not ask for sales or property tax's to be levied nor do we want property or sales tax. (See Appendix B). Page 3 Section 12 Naukati Petition).

- 10. There is not a community of interest between Naukati and Sarkar.**

This is a matter of opinion or an individual's perception.

11. Fire/EMS and security benefits are not practical.

In Naukati's petition for second-class city we stated that a Satellite Fire/EMS station would be put into Naukati East and Sarkar subdivision. This would be a benefit to all households living in both communities. With the 150 acres on the market in Sarkar it would be fair to surmise that the people who buy property would want fire and EMS protection.

With the projected road improvements of the (F.S.) 20 road and the 2060 road into Naukati it will reduce the response time considerable. Naukati has been planning on purchasing a fast response boat for fire and EMS; this is still in the early stages but will benefit all of the surrounding areas.

12. Sarkar residents are part time residents not Alaska residents.

This appears to be true.

13. Sarkar residents bought property for recreation and fishing, not to be part of a city.

Naukati is certain that recreation and fishing will not change as a result of being a second-class city. Naukati residents also like to recreate and fish, this will not effect our life style.

14. Because of paved roads Sarkar residents go to Craig for services.

Naukati residents also go into Craig and Klawock for groceries and other services. Both also support the services in Naukati. Groceries, Gas, Diesel, Propane, Tire repair, Tire Sales, Auto and Boat Repair, Dog Grooming (only one on the Island), Boat Fuel, Laundromat, Freight Delivery, construction, machine rental car rental, plant nursery and lodging. Naukati has matured in the past 14 years, the community is very proud of the progress that has been made in the years we have been a homeowners association, and are looking forward to the much needed progress that Naukati will realize in becoming a second-class city.

- 15. We have never requested health and community services from Naukati.**

150 acres of Sarkar subdivision being developed will in all likelihood have new landowners that may desire these services.

- 16. For 9 to 10 months a year no one lives at Sarkar except El Cap lodge care takers.**

This may be true. It has been observed in the past that the staff at El Cap arrives to open in May and they do not leave until September.

- 17. Roads to Sarkar are not maintained in winter and do not want them to be.**

Naukati does not plan to force Sarkar into maintaining their roads in the winter.

- 18. The only other access to Sarkar is by boat 25 minutes away.**

The response time depends on the boat, weather and time of day. Sarkar also has access by air taxi services.

- 19. There is no practical phone service to Sarkar and may never be.**

This is a very unjust statement that there may never be phone service to Sarkar, El Cap lodge does have radiotelephone service and residents regularly have VHF radio contact with Naukati residents.

- 20. It is not possible to call Naukati in case of emergency.**

This is another unmerited statement. If you can reach Whale Pass by radio you undoubtedly can and are able to reach Naukati. Naukati EMS has V.H.F. radios that can communicate with Ketchikan General Hospital in case of emergencies; we have enough radios to supply Naukati East and Sarkar area with these for EMS squads/satellite sub stations.

- 21. There is no other private land available at Sarkar besides Ruth Ann's.**

There are 150 acres of private land in Sarkar Subdivision, some presently subdivided and offered on the real estate market. Interestingly the largest landowner's did not comment.

- 22. Under 3 ACC 110.900 Transition it is apparent Naukati violated its consultation provisions. (Essential city services/ municipal services in practical plan).**

Naukati has a community plan with a schedule of these improvements. (See Appendix C) Naukati West 2003 Action Plan.

- 23. No children from Sarkar go to school in Naukati.**

Not currently, but in the future families with school children may move to Sarkar subdivision.

- 24. No one from Sarkar is employed in Naukati.**

As stated in the 5 letters the people in Sarkar who responded are retired persons, not looking for work, in fact there are only part time residents located in Sarkar. Some thing that should be pointed out is that there are people from Naukati that work in Sarkar, building homes, and doing repairs year round.

- 25. Naukati's plan cannot succeed with only this bed tax.**

Naukati does have other revenue sources. This is stated in the Naukati second-class city petition. (Appendix A)

There are at least 30 second-class cities in Alaska that have a population base smaller than Naukati and have been second-class for years without taxes. (See State of Alaska Assessors office).

<http://www.dced.state.ak.us/dca/osa/pub/03Taxable.pdf>

IV.

SUMMARY COMMENTS

The financial data supporting Naukati's second-class city petition is concrete. It is fair to say that the people who wrote the letters used the outdated information. Since they quoted a 1998 action plan we have updated and have had two other community comprehensive strategic action plans, one was a coordinated response plan, with the last one being written in 2003. Naukati also wonders if the five people who wrote letters are thinking of the sale of the 150 acres and the new landowners that this will bring into Sarkar subdivision? Will they not benefit from Fire/EMS protection?

So many of the comments made are drastically unsound, and very unjust. Naukati has a very viable community and we do embrace Sarkar and feel sorry they do not feel the same as they have chosen to live in such a close proximity to Naukati.

V. THE NAUKATI PETITION SATISFIES THE REGULATORY STANDARDS FOR SECOND- CLASS CITY

**There is A Reasonable Need For City Government In The
Second-Class City Petition (3 AAC 110.010).**

Many of the residents who have relocated here recently chose Naukati for the lifestyle, the nearness to natural resources, the beauty of the area and for subsistence reasons. Cabins, Bunkhouse, Fishing Charters, and tours of all types were rapidly established due to the influx of tourists to the region starting in the 1990's and this growth continues. During the months of May through September, the population increases with summertime residents returning, small businesses resuming work, and the arrival of the many tourists who visit the area.

Permanent residents of Naukati number approximately 160, however, the number jumps in the summer. In addition to the residents, approximately 1,000 tourists visit Naukati community annually.

With the newly paved roads within 10 miles of Naukati and the paving to be done to the North end of the Island it will bring countless more tourists to this area of the Island, as will the new Ferry system being built in Coffman Cove that will bring tourists from the Northern parts of Southeast Alaska. This condition greatly taxes the infrastructure and the services that are mostly provided by volunteers. Naukati Emergency Response, roads, and the small dock in Naukati are all pressed to the limit of their function. Naukati community is attempting to provide all these services through volunteers, donations and small grants has led to inequitable pressure on the permanent residents and increasingly taxing provision of services. The need for incorporation is long past due.

Naukati currently has Naukati Emergency Response (combined Fire and EMS service) for emergencies. The Naukati Emergency Response maintains its cover budget by donations, grants, and volunteers. The income from this service is inadequate to insurance and other fixed operating costs. Second Class City status would permit Naukati to enter an insurance pool, receive funding from the City of Naukati, and seek other grants that would permit expansion of their functions to further protect life and property in the area.

Naukati presently has a small dock. There are no regulations or controls over what is presently done on the dock and there is little maintenance of the area due to lack of funds, The dock and the boat ramp are almost unusable, and desperately in need of repairs and expansion. The community at present has no formal way of planning or directing growth, or of separating various sorts of land use. All of the above-mentioned needs could be rectified by a government with authority over these essential facilities. There is a need for Naukati to become a second-class city.

VI. STANDARD REGARDING EXISTENCE OF A COMMUNITY 3 AAC 110.920(A)(2).

Naukati does reside permanently in close proximity that allows frequent personal contact with the people of Sarkar. Sarkar summer time residents do business in Naukati, some of the residents come to Church occasionally and they do purchase fuel and have car and boat repair done locally, they use our boat ramps, have their boat repairs done locally.

The Unorganized second-class city of Platinum encompasses 44.6 sq. miles of land with a population of 40 people. The Unorganized second-class city of Saint George encompasses 34.8 sq. miles of land with a population of 149 people. (Both are exclusive of water areas). Naukati has requested 34.18 sq. miles of land, which would embrace the Sarkar and Naukati East Communities.

The land that Naukati has encompassed in the second-class city petition is not an unreasonable request. Naukati as well has stated that providing municipal services to the maximum extent possible has been well thought out, and we ascertained that Sarkar residents need these services (See appendix H City's of Platinum and Saint George).

VII. Inhabitants are a Discrete Social Unit

As stated Naukati has 22 business licenses listed in the Alaska Division of Occupational Licensing, as Naukati is not considered a city they do not have a "Post Office Status" many of the businesses in Naukati have a Ketchikan address and some have elected to use NKI Box Ketchikan for their business licenses. Therefore, the data in the brief is incorrect, and not researched very thoroughly.

As well as referring to an obsolete Community Action Plan. The respondents information on the number of business license is in error. The Local Boundary Commission should give careful thought to this point as they evaluate the subject of the brief and the information it contains. This is an excellent point why Naukati should become a second-class city; Naukati is well accomplished and has sufficient resources to establish its goals. The option of Naukati filing for second-class city status was well thought out and is not taken lightly.

Naukati does meet the standard set forth in 3 AAC 110.005 and 3 AAC 110.920. Naukati is a well developed Community and had sufficient density and also a well-established business community ready to take on the responsibility and duties of becoming a second-class city.

Naukati community belongs to Southeast Conference. And regularly attends their meetings. Naukati is also a member of Prince of Wales Community Advisory Council (POWCAC). Our representative is vice president. Naukati is involved with the

local Chamber of Commerce and has a Director on the board. Naukati is also involved with the shellfish growers association and attends their meetings. A Naukati Board member is participating in the Island transportation committee. Naukati has an EMT from the squad that is involved in the Island-wide EMS and an ETT and an EMT1 who is red-carded for federal firefighting and that are both members of the Thorne Bay Search and Rescue team. In the past we have had community members on the School Board. Naukati board members and residents are highly engaged and attend many political meetings on Prince of Wales Island and support the surrounding communities.

VIII. Naukati and Sarkar is not a single homogenous Community.

Naukati embraces the people of Sarkar and feel badly that they have the impression that they are not of the same equability.

Naukati is not and has not been the remnants of a logging community as stated. Naukati has many more residents that have not been part of the past logging operations of Prince of Wales Island. Naukati has only 13 residents that have worked for KPC in the past, out of 160 residents.

Naukati residents also have retired persons and younger people that like to fish and recreate during the summer. They also value their privacy. In this respect we value the same things as stated in the respondents letters.

El Cap lodge has employed people from Naukati to help build their lodge, Naukati residents have built pads for landowners homes, along with Naukati residents that have helped to built many homes in the Sarkar subdivision, Naukati residents do repairs and cut wood for heat during the winter months. Although this is not a significant aspect, Sarkar does require a work force in Naukati to maintain their properties throughout the year.

Statements pertaining to Brief filed by Scott Van Valin, by and through his attorney, H. Clay Keene of Keene & Currall, and consultant, James A. Van Altvorst of Van Altvorst & Associates.

IX. INTRODUCTION

The information given in the brief is outdated and incorrect. The community of Naukati has written a comprehensive strategic action plan as well as a coordinated response plan since the 1998 one was drafted. The statements made referring to the 1998 Community Action Plan are not pertinent to the current status. (See Appendix C, Naukati Community Comprehensive Strategic Action Plan 2004-2005)

As stated in respondent's brief Naukati, has 22 business licenses. For a community of 160 residents this amount of business licenses is pretty much standard compared with other communities of this size.

(See Appendix C). Page 2-3 Naukati Action Plan Existing conditions).

The population of Naukati is larger than originally stated in the petition. Naukati has done another tally of the population including Naukati East and have a total of 160. There has been an arrival of new landowners in Naukati in the past few months for which we are very grateful. This resulted in the development of new businesses and an anticipated larger population of children in our new school, being built at this time. The first phase of the state land sale (Spring of 2005) with approximately 27 lots and with the six Mental Health land lots that go on the market soon, means Naukati will have many new property owners. (See appendix's G, H)

In Naukati West's 1998 action plan, the brief states that Naukati has been considering its expectations of becoming a second-class city for some time. (See Page 10 Naukati's 1998 Community Action Plan). Naukati has not taken this step lightly, the incorporation petition has been a well thought out decision that we have discussed for years and are now ready to assume the full duties and responsibilities of city government. The statement made by the respondent is "The plan offers reasonable supporting detail in this regard", This was from Naukati West's 1998 community action plan, which again

has been updated two times since 1998. This statement should show that Naukati has been planning its future and has displayed the maturity sufficient to support a local government.

Naukati is a community recognized by the State of Alaska. Naukati became a logging camp in the 1960s. In 1988 the State of Alaska selected land in the area for community development. In 1990 the state-selected area was offered for sale. Of the 80 lots offered in Naukati West, an estimated 70 have been sold. In Naukati East approximately 33 lots were created and offered for sale and it is estimated that only 5 of these lots remain unsold. The State of Alaska has had two land sales in Naukati since formation of our Homeowners Association, and will have another 27 lots in the first phase of a sale starting in the spring of 2005, with roads built into every lot. (See appendix G).

Naukati is a developing community. Naukati's Home-owners Association has planned and developed roads into all of the landowners' lots. In the summer of this year Naukati volunteers built a new picnic area on the community beach for public events. Naukati board of directors are involved with many organizations on Prince of Wales Island(POW).

The proposed Naukati incorporation, in which Sarkar is included in Naukati, is not unlike the situation, which exists in Thorne Bay. There you have Thorne Bay proper separated from the South Thorne Bay subdivision by a road distance about the same length as the one that separates Sarkar from Naukati. Therefore the fact that one part of the city of Naukati might be physically separated from another is neither unique nor noteworthy.

Naukati does have a well-established business community. Naukati has 22 business licenses listed with the state (See Appendix C). Naukati may have other business in the near future, considering the new lots that have sold. Sarkar residents frequent many of the existing businesses.

It has been stated that Naukati community is ready to assume the duties and responsibilities of a new city government. Naukati is very capable of reaching this goal and is looking forward to achieving it.

**X. Standard Regarding Existence Of A
Community from Respondent ACC 110.
920 (a) (2)**

A. Geographic Proximity of Residents

When the respondent's brief referred to the Department of Natural Resources (DNR)(POW) Island Area Plan, as the guide to determine Naukati's size the respondent was in error. The Plan was never meant to define what size Naukati should be in the event that the community should chose to incorporate. The plan is primarily a resource management guide, and not a template for community incorporation. That lies with the Local Boundary Commission authority.

In the petition for second-class city, Naukati has stated that the population is 135. Naukati has requested 34.18 sq. miles "excluding water". This in according to the respondents brief is 4.24 people per square mile. An existing city in Alaska that is incorporated, with a population about the same as Naukati's is "Saint George" with a population of 149 people with 34.8 sq. miles of land exclusive of water. The population density of Saint George is very close to that of Naukati. Saint George has second-class city status. Respondent used Platinum as an example. Platinum has a population base of 40 people with 44.6 sq. miles of land; they are a second-class city. This is less then one person per square mile.
(<http://www.dced.state.ak.us/dca/osa/pub/03Taxable.pdf>)

The City of Thorne Bay, which is about 40 miles from Naukati, has only about 18.8 persons per square miles. Of the other Prince of Wales Island communities, (POW) Kasaan has about 10.3 persons per square mile. Hollis, while not incorporated, has about 2.8 persons per square mile. The figure for Coffman Cove is 15.7. Craig is the exception to this rule on POW; they have 175 persons per square mile. In other words, POW is a rural area, and you have to expect low persons per square mile number. The fact that Naukati's person per square mile number is 4.24 should come as no surprise.

Naukati, if incorporated would provide municipal services to Naukati East and Sarkar to the maximum extent possible while remaining consistent with the requirements of 3 AAC 110.040

B. Naukati is a discrete Social Unit.

Naukati is obviously a "discrete social unit." Mr. Van Valin claims that because of the alleged lack of commerce in Naukati that Naukati is too young to be a social unit. Naukati has grown and prospered since becoming a Homeowners Association. Naukati started out in the 1960's as a logging camp. At that time there were 2 businesses in Naukati, a small store and a gift shop.

To illustrate how Naukati is indeed a discrete social unit continuing to develop, look at our economic and business growth since 1998, as well as those business that will share and contribute to the bed tax. The bed tax package is proposed at only 4% which means that if a guest is charged \$1000.00 per package, the guest will then be assessed a \$40.00 tax from the NKI Community for a total of \$1040.00 that is charged to the guest not the business owner, same as any other state or federal tax with minimum effort of the proprietor.

In 1993 Naukati Connection started a grocery store in a 64 sq. ft. building with limited supplies, as the amount of commerce in Naukati increased they then added onto it making it a 96 sq ft building. With the growth of Naukati again they built another building a 1,040 sq ft building then added another story onto it making it a 3,200 sq ft double story building, They sell groceries, liquor, gas, diesel, propane, video rental, and have added a post office inside their building. In 2001 they built a 2,400 sq ft auto/boat repair shop. They now employ 8 full time people with additional part time employees when needed. They also are recognized and fully stocked distributors of Nissan Outboard Motors, Sirius Satellite Radio's, Toyo Stoves, and Direct TV products and services.

There are other establishments that will share the bed package tax.

Naukati Cabins was started in 2000. It started out with 2 cabins for visitors to the area. In 2002 they added a Laundromat and another cabin. In 2004 another bunkhouse was added to supply housing for construction coming into the community, working on building the new school and the 2060 road upgrade. Naukati Outback Bunkhouse and Cookhouse was started after KPC moved out of Naukati and these historical buildings are under renovations. They house and feed up to 16

workers from other areas that are working on Prince of Wales Island with plans for total utilization of the buildings for up to 36 in the future. Naukati Adventures and Bent Cedar cabins both house visitors who come into Naukati. They have been established since about 2000. Fisherman's Cove Fish Camp was started in 2003 to offer much needed fishing charters to Naukati visitors.

There are several heavy machinery and timber utilization contractors that have been instrumental in the development of Naukati West, Naukati East, and Sarkar subdivision during and after KPC's era.

High Drive Drilling and Blasting has been responsible for blasting and developing many of the roads and lots of Naukati and Sarkar since 1980 providing drilling, blasting, backhoe, and dump truck services. TRUCO (Timber Resource and Utilization) out of Naukati East has logged and developed many of the pads in Naukati West, East, and Sarkar; as well as holding the State Permit for the Red Rock Pit that is popular in all subdivisions as evidenced by the red rock pad footprints and driveways. Shovel Boy Logging is a logging outfit that logs federal, state, and private units. They provide logging, backhoe and dump truck services. Island Timber and Stone has offered heavy machinery operating skills, lot development, timber frame home construction, and saw mill wood products which have provided many with the property and wood products and services for their home and business development.

Baskets Heavy Equipment and Repair out of Naukati East has also been instrumental in keeping the equipment in tip top shape since KPC left.

Naukati's workforce is also proven highly skilled as evidenced by the following business and the list of those highly skilled commuters that are sought after and employed island wide:

Enchantingly Alaskan offers a variety of services including consulting and contracting and office services. She provides assistance in wetland permits, water and sewer permits, and coastal management questionnaires. Basic computer and office services for local business like business plans, brochures, cards, and advertising are also offered. Last year Enchantingly Alaskan and Brandy's Botanical Gardens was opened

as a recognized Jackson and Perkins rose and perennial distributor on Saturdays. She also offers Southeast Alaska gardening answers, native planting and invasive plant eradication solutions to residents.

Wild Bill's Trading Post was started in 2001 when there was a need for local products to be sold out of Naukati community. The trading post sells animal feed, trapping supplies, Alaska made products, household goods, furs, and camping supplies. They also rent videos and have a second hand store.

Kahli Cove Shellfish has been operating since about 1993. They raise oysters for sale on the market to many restaurants and other establishments.

Due to the 2003 State Aquaculture Lease Program offered in the petition boundary areas, there will be many more shellfish farms soon which will help boost the community with the fish tax.

We also have a State appointed Hide Sealer, 2 Mary Kay Make-up Specialists, and a growing number of highly skilled people currently commuting around the island for employment that can be summed up with the following:

- Inter-Island Ferry Master First Mate
- 2 Certified Nurse Aid (CNA), 2 Home Help Certified, 2 Rehab for Physical Therapy
- Southeast Road Builders employees a Driller and Blaster, Backhoe/Operator Specialist, a Grader operator, 2 surveyors, 2 flaggers, and 3 laborers that work on North Prince of Wales and recently in Naukati on the School project. It is anticipated that Road construction will continue into 2015 on island.
- 8 Certified Carded Flaggers
- USDA Forest Service (FS) Thorne Bay Ranger District employees a Permanent Fisheries/Hydrology Tech, a Permanent Fisheries Tech, and the USDA FS Craig Ranger District a Permanent Timber Cruiser that all work year round.
- 2 carpenters that service all POW and currently employed by Sarkar and NPOW residents
- Several Value-added Wood Product businesses that are targeting Music wood and other value added wood products

via Forest Service Micro-sales, Small Sales, and Salvage Sales and the collaborative stewardship contracts for road/culvert maintenance, and pre-commercial thinning.

- 5 independent contractors, cutters, and laborers
- 3 Store Clerks

Additionally the State Land Sale of 24 commercial and industrial lots have sold and require commercial/industrial development which promises 24 new business ventures for the community which range from a hardware store, tavern, mill, RV park, Motorcycle and ATV Repair, Mud Bog/Off Road Vehicle arena, Lodge, Bed and Breakfast, nursery, and gas station. Many of the lots have already had their wetland permits approved and several have commenced construction on their lots.

Naukati has numerous other businesses' that can't be listed within this statement, all are viable and are of great benefit to Naukati (See Appendix C, In the Naukati Community Comprehensive Strategic Action Plan 2004-2005 Page 2 and 3 the Description of Recent History and Existing Conditions describes our current Statistical Information).

Sarkar residents frequent the grocery/liquor store. They also have mail that arrives at the Naukati post office. It is obvious that Sarkar residents depend on Naukati Connection for part of their supplies. Naukati Connection Auto and Boat repair have had Sarkar residents frequent their establishment to have both auto and boat work done, along with purchasing some of their fuel. Sarkar residents built commercial relationships with property owners in Naukati. Sarkar residents also use Naukati boat ramp to launch their boats and pull them out in the fall.

El Cap Lodge has had an account with Naukati Connection store for their supplies. Many friends were made with the staff and owners of El Cap lodge within the community of Naukati. (See Appendix L)

XI. Naukati is recognized by the State of Alaska as being a viable Community

Naukati has been involved with the Capital Matching Grant program for road upgrades which Naukati has received since 1995 in the amount of \$225,000.00. Naukati is recognized by the US Forest Service as being a distinct community, and has received Economic Recovery grants of more than \$45,000.00.

Naukati won the USDA Forest Service National Community Spirit Award in 1999. With this award our community received \$5,000.00.

Naukati has applied for, and received 2 FEMA grants one in 2002 for the Naukati Volunteer Fire Department in the amount of \$15,000.00 another in 2003 for Naukati Volunteer EMS squad in the amount of \$15,126.00. With community involvement and grants, Naukati's volunteer EMS squad has received \$97,000.00 this year.

Naukati has received State Revenue Sharing Grants; these can be seen on line at the State of Alaska Community Funding Database. Naukati received a grant from the Department of Community and Economic Development (DCED) to build a Shellfish nursery to raise oyster spat for the State of Alaska.

Naukati has community development projects as outlined in the new Naukati Community Action Plan, including waterfront development/public dock; Naukati has plans for building a multi-use facility/public safety building, and with the formation of the Community Care Program is seeking an interim solution to water and sewage treatment while awaiting funding from Village Safe Water (See Water & Sewer Community Care Program Update, 12/7/03). Naukati has community development projects as outlined in their Strategic Action Plan that have assigned committees working on them while actively pursuing funding as referred to in the 2004-2005 Community Action Plan. (See Appendix C) Naukati has a committee that has been planning for a 10-unit RV park with showers that has been well designed and studied. This is another income source for Naukati, which is needed for the tourist; that come into our community. (See Page 13 Project Identification, Prioritization, Description and Supporting Information. In Naukati Community Comprehensive Strategic Action Plan 2004-2005).

At this time a new 4.1 million dollar school is being built in Naukati by Southeast Island School District and is to be finished by February 2005. The State of Alaska is surveying lots in the proposed boundary area to be sold in 3 phases starting in the spring of 2005.

Naukati is a member of Southeast Conference and is recognized as being a viable distinct community having an active Homeowners Association.

Naukati is recognized by Prince of Wales Community Advisory Council (POWCAC) and has a board member as Vice Chairman.

Naukati is recognized as a SEATRAILS Community and currently has a draft Parks and Recreation Plan as of June 2004.

Naukati also has a member in the community as a director of the Chamber of Commerce for Prince of Wales Island.

Naukati is a member of (ASGA) Alaska Shellfish Growers Association.

Naukati has attended the Alaska Funding Summit asking for money for the Waterfront Development and received positive feedback from the Army Corp of Engineers, National Guard, and USDA Facilities Department for aid.

Naukati's EMS squad is involved with Prince of Wales Island EMS.

The State of Alaska recognizes Naukati Volunteer Fire Department as an active organization; Naukati also files Alaska National Fire Incident Reporting System (ANFIRS) within the State Fire Marshals Office.

Naukati is active with the (POW) Island Transit Counsel.

This year the Forest Service advised the community of plans for an Administration site including a boat storage facility, new housing for Forest Service employees to service the North end of Prince of Wales Island.

Naukati has been active in many political endeavors. For example, Coffman Cove's efforts with developing a Power Grid on Prince of Wales Island; Edna Bays issues on the proposed Land Exchange with Sea-Alaska, and subsistence issues

concerning North Prince of Wales. Many of the communities on Prince of Wales Island solicit Naukati's opinions, participation, and help with many projects.

In these respects Naukati is obviously a discrete social unit with viable well-established businesses that Naukati West, Naukati East, and Sarkar residents use for their benefit. Naukati is recognized by the Federal Government, State Agencies.

XII. Respondent believes Naukati for the most part, are remnants of a logging community.

Respondent's brief states. "The residents of Naukati are, for the most part, remnants of what was a logging community." When KPC closed there were a handful of employees that did retire here, but Naukati survived, rebounding, even after losing half of the population. We are a self sufficient community and ready to take on the responsibility in second-class city status. As our population grows we will require the structure that second-class city will give our community. Naukati is planning for the future by providing revenue from the shellfish nursery and seeking funding for our roads, for EMS, Fire and Administration each year. (See page 11 of respondents brief).

Naukati presently has 160 residents. Out of these there are 14 that have at one time worked in a logging community. This is 9% of Naukati's population. Of these 14 Naukati has 3 residents that retired from logging and chose to reside in Naukati. Of the remainder, 6 own their own business, while the rest work on road construction and for other businesses in the area. The statement made by the respondent is quite false; Naukati has 91% of the population that has never worked in the logging community. This statement was taken out of the obsolete 1998 Naukati Community Action Plan.

XIII. The Respondent claims the proposed Tax Package places an unfair burden on his business.

The proposed Package Tax is not a burden to the business owner- It is a Tax assessed on the guest at their place of lodging. The price for their package does not change. The bed tax or package tax are not unknown to visitors of Alaska. The general public is used to paying a tax on services they receive, including sales tax, lodging tax, alcohol tax, or gas

tax. The city of Gustavus recently approved a bed tax that placed a large percent of revenue coming from one lodge in their municipality, Glacier Bay Lodge. Additionally by taking in the Sarkar Subdivision the Forest Receipts Revenue would increase for Naukati providing even greater revenue to provide improved services to the residents.

Summary

As stated earlier, the DNR POW Island Area Plan that was referred to in the respondents brief was never meant to define what size Naukati should be in the event that the community should chose to incorporate. The plan is primarily a resource management guide, and not a template for community incorporation, as the respondent states. Nor were any of the Naukati Community Action Plans. The obsolete 1998 Naukati Community Action Plan is of no benefit in their response. Everything that the respondent quoted from the 1998 Naukati Action Plan is no longer current, given that much has changed since, as we have shown.

The inclusion of the Sarkar subdivision along with Naukati East would be very beneficial to all areas within the second-class city petition. Naukati East and Sarkar would have an active Satellite Fire/EMS substation with trained and qualified personal. This would enable them to start fighting fires in their subdivision. Naukati would send their (16) trained volunteers and equipment in a fast response unit to help fight a fire. Naukati is prepared to provide training for EMT's in Sarkar and Naukati East, this would give both a qualified EMT's with full supplies needed for public safety. Naukati as a second-class city would be accountable for their road upgrades, which on this end of (POW) is needed significantly.

El Cap Lodge and the Sarkar residents have a huge investment in their homes and business as does Naukati residents. Fire/EMS protection is a benefit to all and surely needed by all. We will all be able to receive lowered fire insurance, and if there was an active Fire substation in the subdivision they would to. With the anticipated 150 acres for sale in Sarkar subdivision the Fire/EMS squad would be of great benefit to Sarkar at present and in the future.

The Boundary Commission Staff has reviewed the petition budget twice and suggested changes, which have been adopted by the

Homeowners and are in the submitted petition. Naukati has proposed a very conservative budget; we stand by our proposed budget, and believe it is a very reasonable and sound budget. The budget that the respondent gives is in a different format and to our research, incomprehensible.

Our economic base is sound and stable. We believe with the first phase of the land sale and the six Mental Health land auction that Naukati will have an even deeper economic base. With these land sales coming on line, and the private sale of land in Naukati it has brought the land prices up considerable. In the past four years land value in Naukati has increased by over \$3000.00 an acre.

In 2002 the State put up 24 industrial/commercial sites for sale within the proposed boundary of Naukati, all of the parcels have sold. All of the land in Naukati has been purchased. There are 2 private lots for sale at this time in Naukati (See Appendix F).

Sarkar residents live in a close proximity to Naukati and they would continue to benefit immensely from the services Naukati is offering to their subdivision.

The respondent's brief mentions that the shellfish enterprise would be a complicated process for the city to assume the privately held shellfish nursery site lease. It is stated that the operating permit must be held by an individual. (See Page 16 respondents brief). The research for the above statements were poorly researched and is absolutely not true. The nursery site lease, Operation permit, Army Corp. of Engineer's permit and Coastal Management review are all issued to Naukati West Homeowners Association (See Appendix E).

Naukati has plans for a new Multi-Use Facility Fire/EMS building, which we have been working on for the past few years with engineered Plans from B-3 Contractors in Klawock, Alaska. The income from the Forest Receipts, PILT, Fish tax and bed tax is only part of why Naukati wishes to become a second-class city. As a community we wish to have some say in our destiny and our way of life to be able to have equanimity and more strength as a city with a responsible government.

Naukati is prepared and competent to handle the change that will be made in becoming a second-class city.

APPENDIX A

Letters From Responders
One Brief

RECEIVED

JUL 15 2004

Local Boundary Commission

Morris & Verna Ververs
31550 CR 74
Simla, CO 80835
(719) 541-2339
vermor@bigsandytelco.com

July 14, 2004

Local Boundary Commission Staff
550 West Seventh Ave., Suite 1770
Anchorage, AK 9950-3510

To Whom It May Concern:

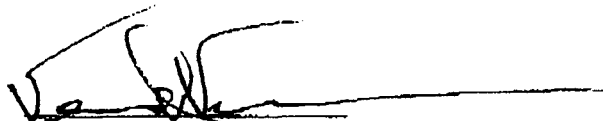
We are writing this letter from our Sarkar summer vacation home in response to the Naukati application for 2nd Class City status. My wife and I (ages 59 & 60) have owned property at Sarkar Cove for 14 years and we oppose the inclusion of Sarkar Cove within the boundaries of the Naukati petition for 2nd Class city status. We built our dream vacation home in Sarkar Cove and spend about one month per year there. Here are some observations and descriptions of circumstances that appear to us to be inconsistent with Boundary Commission guidelines for approval of 2nd Class City status:

- There has never been any request or use of health or community services from Naukati by residents of Sarkar Cove.
- Because of paved roads, we generally drive to Craig or Klawock for groceries and other supplies. On several occasions we have driven to Naukati, a 30-45 minute drive, for fuel or supplies but that is rare.
- We are not aware of any attempts by the petitioners to inform or seek input from Sarkar homeowners regarding the petition for 2nd Class City status.
- We have heard through informal conversations that meeting notices for petition issues have been posted at locations in Naukati. If this is true, the fact that none of us (Sarkar property owners) have seen the notices underscores the fact that Sarkar and Naukati are two separate communities with no commonalities with the respect to the need for community services.
- For 9-10 months a year no one lives at Sarkar Cove except for the El Capitan Lodge caretaker.

We respectfully request consideration of these factors, which appear to us to be inconsistent with the guidelines and regulations regarding a 2nd Class city status.

Sincerely,


Morris D. Ververs


Verna D. Ververs

R.G. NEHRING
5253 N. Dromedary Rd.
Phoenix, Az 85018 - 1807
Telephone (602) 952-0874 - FAX (602) 952-0875

FAX TRANSMITTAL SHEET

RECEIVED

Name

Fax # 907-269-4539

JUL 15 2004

TO: ALASKA LOCAL BOUNDARY COMMISSION STAFF

Local Boundary Commission

Company:

FROM: R. G. "Rollie" Nehring

FAX # 602 / 952 - 0875

Of Pages 5 (Including Cover Sheet)

Date: July 15, 2004

Time: 2:30 PM MST

RE: PETITION FOR INCORPORATION OF THE CITY OF NAUKATI

Message, Comments, Instructions:

HERE IS AN ADDITIONAL COPY OF MY OPPOSITION LETTER TO THE ABOVE PETITION. I HAD Emailed AN INITIAL COPY BUT INADVERTENTLY OMITTED THE ATTACHMENT LETTER, WHICH IS NOW ATTACHED HERETO. THANK YOU.

ROLAND G. NEHRING

☒ X The Original **WILL NOT** follow.☐ The original **WILL** follow by U. S. Mail

Any Problems with Transmission ?? Please contact 602 / 952 - 0874. Thank You!

R. G. Nehring
5253 N. Dromedary Rd.
Phoenix, AZ 85018

From: Holand Nehring <rgnehring@earthlink.net>
Subject: **Opposition To Naukati Petition**
Date: July 13, 2004 10:53:55 PM MST
To: LBC@dced.state.ak.us



Local Boundary commission Staff
550 West Seventh Ave., Suite 1770
Anchorage, AK 995-3510

RE: OPPOSITION TO PETITION FOR INCORPORATION OF THE CITY OF NAUKATI

Dear Sirs / Madams

I and my wife Bette own Lot A at Sarkar Cove, Prince of Wales Island, Alaska. We are residents of Alaska and are members of the North Prince of Wales Island Voter Precinct. We are both 73 years of age and I am a retired attorney, licensed in the States of Wisconsin and Arizona. As such, I have reviewed both the applicable sections of the Alaska statutes and the Local Boundary Commission Handbook. I can only conclude that the Naukati Petition is so flawed that it should not be approved by the Commission - and at the minimum the Sarkar area should be deleted from their territorial boundaries.

The public interest will not be served by including Sarkar within the boundary and such inclusion could very well expose the State of Alaska to substantial risk as the prospective successor to the City of Naukati. Quite simply, Naukati does not have the current or foreseeable economic base to support a city government and needs to substantially mature as a community - or await the imminent creation of the Prince of Wales Island Borough. Secondly, we and our Sarkar neighbors do not need any of the municipal services proposed for Naukati proper since we individually already have had to efficiently and effectively provide our own water, sewer, and electricity. Naukati is simply too distant to provide such services, nor emergency fire and health service. My other specific reasons and details for objection are set forth below.

There may be only 3 airline miles of Forest Service land separating Naukati from Sarkar, but more importantly, from the provision of services standpoint, is the roadway distance between the two sites. The distance from our waterfront lots to Naukati is more than 8 miles via a very limited road system for much of that distance. From Naukati, after turning off northbound Hwy 20, a 1 1/4 mile one lane USFS road exists to our locked Subdivision gate. Thence, another unimproved one lane road of about one mile must be traveled to reach the Lodge and our other waterfront lots. Neither the Lodge or our other waterfront properties are part of the upland Sarkar Subdivision nor have any ownership in the Subdivision road - only a limited vehicle easement. It takes about 35 minutes to drive between the two locations since average speed is only about 25 MPH, and is much slower on the Subdivision road. We maintain our Subdivision roads. Those roads are not plowed in the winter since no one is there, and if they were plowed, would only encourage theft and vandalism. Such a road arrangement would make it impossible for Naukati to provide any meaningful and timely emergency services. The only other access from Naukati is by boat to Sarkar - a trip typically of 25 minutes with a fairly fast boat.

Only the El Capitan Lodge has a standard telephone, via radio to Whale Pass, so it is not possible for the other residents to call Naukati in the event of public safety protection or a fire or health emergency. It is for health reasons that we found it necessary to purchase an automated portable heart defibrillator. It is also

available to other Sarkar residents when we are in the area. Due to the limited number of part time residents at Sarkar, it is unlikely that the local telephone utility will extend their facilities to Sarkar in the foreseeable future. Cellular mobile service is also not available due to lack of nearby repeater towers and terrain that blocks the existing distant signals.

For further clarification, the Sarkar area is comprised of two types of entities and all are strictly recreational. All of the available ten (10) waterfront lots are owned by seven (7) individual residents and El Capitan Lodge owns the other three(3) lots. The upland Sarkar Subdivision is owned by Ruth Ann Albright and Lee Falk. It consists of about 30 Lots, only two of which have been apparently sold since that development opened in 1998. Most importantly, there is no other private land at Sarkar available for planning, platting and development since all surrounding land is part of the Tongass National Forest. No additional economic base will be available to the City of Naukati if Sarkar Cove were to be included within the territorial boundary.

The officers of Naukati West, Inc. have not been forthright in including residents of Sarkar in any consultation on the Petition for Incorporation of the City of Naukati as a Second Class City over their three (3) years of planning. I had heard an application had been finally prepared and contacted the Local Boundary Commission staff on December 1, 2003. Mr. Bill Rolfsen advised that they had in fact received the Naukati Petition draft for initial review. This was the first indication that I or anyone else from Sarkar knew that the plan had been prepared and submitted and that the territory included the Sarkar area. Apparently Mr. Art King, President of Naukati West Inc. became aware of my inquiry and called me on December 4, 2003 in Phoenix, Arizona. He confirmed that the Sarkar area was included in the boundary description and that the Boundary Commission had recommended its inclusion because of the 4% bed tax which would be generated from El Capitan Lodge. He then forwarded a copy of the Petition Draft and I forwarded it to my neighbors. Under 3 ACC 110.900. Transition, it is apparent that Naukati violated its consultation provisions.

After consultation with all my neighbors, they unanimously stated that they were opposed to inclusion of the Sarkar Area within the Naukati boundary description. On March 8, 2004 the Petition was apparently formally filed by Naukati. On March 13, 2004, I so advised Mr. King and his Association of our objections. A copy of that letter is attached hereto. As recently as May 16, 2004, I attended the Naukati West Annual Meeting and again voiced the Sarkar residents objection to being included in the territory and Petition. Mr. King refused to consider deleting Sarkar from the Petition and said that decision would have to be up to the Local Boundary Commission.

There is no practical plan for Sarkar contained in the Petition designed "to effect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after the date of the proposed change" as specified in paragraph (c) of the above referenced regulation concerning Transition.

The Sarkar Area does not meet the Determination of Community under 3 AAC 110.920. We as inhabitants do not "reside permanently" at a location as a discrete and identifiable social unit, as indicated by such factors as school enrollment, number of sources of employment, voter registration, precinct boundaries, permanency of dwelling units, and the number of commercial establishments and other service centers - all as required under subsection (a) (3). Under (b) (1), there is no public access to our Sarkar Area as explained by the roadway status above. My wife and I are probably the only registered voters in that voting precinct, no children from Sarkar attend school at Naukati, no one is employed at Naukati, there is only

one commercial establishment at Sarkar and their employees do not reside in the area nor are their fishing customers local.

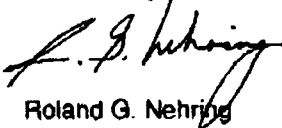
We are not adjacent to Naukati nor are we dependent on that community for our existence since our community of interest is the Craig / Klawock area for food , hardware, services and government interface.

The Naukati Plan cannot succeed because they have applied for only bed tax authority and have omitted for some reason to provide for property and sales taxes as additional revenue sources. They simply do not possess sufficient economic base or personal income resource and commercial development. From a Sarkar Area standpoint, provision of municipal utility services that we already possess, at such a distance, is not feasible nor are those services required - although if we are included in the territory, we would have every right to insist that such distant municipal services be provided to Sarkar in fairness to all residents.

The Petition should be denied, or at the minimum the Sarkar Area deleted from the boundary. The boundary description violates regulation 3 AAC 110.040 since full development of essential city services cannot be provided to Sarkar in an efficient, cost - effective manner. The current boundary has been "stretched" to include entire geographical regions and unpopulated areas of U.S Forest Service lands to simply obtain bed tax from the El Capitan Lodge. Sarkar is non-contiguous and does not fit with the community of Naukati nor would there be any broad policy benefit to the public statewide.

The Sarkar Area should be deleted from the territory boundary, if in fact the Commission believes the entire Application is not fatally flawed.

Respectfully,



Roland G. Nehring

Enclosure: March 11, 2003 Letter to Naukati West Inc.

ROLLIE & BETSY NEHRING
P. O. Box NKI
Ketchikan, AK 99950

March 13, 2004

VIA FAX TO 907-629-4266

Naukati West Homeowners Association
Attn: Mr. Art King, President
Naukati, AK 99950

RE: Naukati Second Class City Application - Sarkar Cove Territory

Following my telephone conversation with Art King in December 2003 concerning creation of a Second Class City for Naukati, I also received from him a draft copy of the Application by the Naukati Community Association to the Alaska Local boundary Commission. I reviewed that material and had discussions with the Boundary Commission staff. I also contacted all of my Sarkar neighbors on the subject. They were unaware of the project, except for Scott VanValin of El Capitan Lodge who had a previous conversation with Art King where he voiced his objection to Sarkar being included within the proposed boundaries for the new City of Naukati.

All of the homeowners I contacted, as well as El Capitan Lodge, are unanimously opposed to being included in the proposed Naukati territory - and so am I. I thought it now appropriate to advise your organization and its members that unless you delete the Sarkar Cove area from your proposed city boundary, that we shall have no alternative but to oppose inclusion when the public comment process starts.

Although we have no objections to Naukati's plans, if they do not include Sarkar, I thought you and your members should be aware of the position that I and my Sarkar neighbors will be taking legally and administratively during the approval process.

Yours Truly,


Roland G. Nehring

From S&V Bauer <bauer@olyphen.com>

Sent Thursday, July 15, 2004 6:43 pm

To lbc@dcad.state.ak.us

Cc

Bcc

Subject Opposition to the Petition for Incorporation of the City of Naukati

TO:

Local Boundary Commission Staff

550 West Seventh Avenue, Suite 1770

Anchorage, Alaska 9950-3510

Fax: 907-269-4539

Email: LBC@dcad.state.ak.us

FROM:

Vern and Sue Bauer

POB 1135 Craig

Alaska 99921

Email: bauer@olyphen.com

RE: Opposition to Petition for Incorporation of the City of Naukati

Dear Sirs:


My wife and I are owners of a house and property at Sarkar Cove, Prince of Wales Island. We are totally against being included in the incorporation of the City of Naukati because we believe there is no logical reason for us to belong to the City. We are 40 minutes by logging road to Naukati. The access in and out of our waterfront area is difficult and we would not be able to use their emergency services. In regard to road maintenance, their concern for our small group of houses, at a distance from city and used by none of their residents, would be minimal. We have our own road association for road maintenance.

Because we are basically remote from Naukati and go there on a very sporadic basis, we do not feel that we are a part of their community and as full-time residents they have different goals and concerns than we, as retired part-time residents, do.

Our neighbor at Sarkar Cove, Roland Nehring, has done a great job in putting our feelings and thoughts about the Naukati Petition into words. We feel that his letter to you is an honest and forthright effort to explain our positions.

Thank you for your time and consideration.

7/16/2004

From El Capitan Lodge- Alaska <scott@elcapitanlodge.com> 
Sent Wednesday, July 14, 2004 9:07 am
To lbc@dced.state.ak.us
Cc
Bcc
Subject Naukiti
Attachments Naukiti Rebuttal Ltr.doc 24K

Please see my attached letter regarding the Naukiti petition.

Scott Van Valin

El Capitan Lodge/ Scott Air, LLC- Alaska
Toll Free- 800-770-5464
Direct- 907-846-5464- April - October
WWW.ELCAPITANLODGE.COM
WWW.SCOTT-AIR.COM

Last September Art King asked if I wanted to be included in Naukati's second class city petition. I replied, "Absolutely not!" Despite that, I recently was informed that the community of Naukati had proposed incorporating as a second class city and encompassing Sarkar subdivision. The petitioners did not discuss their plan to do this with citizens of Sarkar before initiating their petition, nor were we invited to participate in meetings that planned for the incorporation, although they were held the past three years. I wonder if the residents of Naukati know that the Second Class city is entitled to levy a real property tax?

Sarkar subdivision is over eight miles from Naukati by road and is separated by USFS Land which will not be available for residential or commercial development. Further, there is no public road that connects Naukati to Sarkar subdivision.

There is not a community of interests between Naukati and Sarkar residences. Sarkar residents have no need to go to Naukati to shop, for business, school or church. There are few friendships between the two places. I pick up my mail in Craig. Sarkar does not need road maintenance in the summer or winter. We have not requested emergency medical/fire services and see no future need for those that Naukati is offering.

It appears the only viable economic base in the area is my lodge as Naukati has little in the way of a developed economy. El Capitan Lodge makes up about 80% of the tax revenue projected by the petition, but the petition gives no assurance of any services that would be a benefit to me now or in the future. The bed tax project will unfairly tax El Capitan Lodge; services including charters, guiding, flight seeing, food, fuel and transportation will not be taxed on businesses in Naukati not having overnight accommodations. I did not provide any financial information to Naukati as stated in their petition for second class city.

I believe the Boundary Commission should tell Naukati to mature before it incorporates. Naukati will own a shellfish hatchery currently controlled by Art King and his association. Incorporation should wait until Naukati can see if the hatchery is a viable business as there is no assurance of success. The federal/state grants projected are being used to finance the initial startup of the shellfish business. Today there is not enough business or economy in Naukati to support a city. I do not believe Naukati is a community of permanent residents.

Most of the property in Sarkar is used as vacation or second homes. There is no permanent resident of Sarkar. Many home owners are retired and over 65. Few vote in Alaska.

My parents started El Capitan Lodge and raised their family in Alaska the past forty years. My wife and I now own the lodge but my parents still work in Alaska; my mother is a certified teacher and my father is employed by Lynden. My family labored for decades to develop a wilderness lodge and I do not want to be encompassed by a Second Class city and be forced to pay taxes for services I'll never see and never asked for. I suggest Sarkar subdivision to be removed from the boundaries of the proposed second class city of Naukati.

From El Capitan Lodge- Alaska
<nani@elcapitanlodge.com>
Sent Friday, July 16, 2004 9:39 am
To lbc@dced.state.ak.us
Cc
Bcc
Subject Naukiti
Attachments D Letter.jpg 575K

Letter that we were asked to send.

El Capitan Lodge- Alaska
Email: nani@elcapitanlodge.com
Website: www.elcapitanlodge.com
Toll Free: 800-770-5464

7/16/2004

A. L. Donnelly
Dolores L. Donnelly
4230 Chaparral Road
Santa Rosa, CA. 95409

July 14, 2004

Local Boundary Commission Staff
550 West Seventh Avenue, Suite 1770
Anchorage, AK 99550-3510

To Whom It May Concern:

This letter is to reiterate our opposition to include Sarkar Cove development within the boundaries of the proposed Second Class City Status of Naukati, AK.

We feel it would be advantages for our friends in Naukati to have the proposed Second Class City status; however, we are not interested in being part of this proposal for the following reasons:

- 1.) Naukati did not discuss their plan to petition with the citizens of Sarkar Cove before initiating the petition.
- 2.) Basically, there is not a community of interests between Naukati and Sarkar residents.
- 3.) Sarkar is located approximately 10 miles or ½ hour drive from Naukati.
- 4.) Fire and security benefits proposed by Naukati would not be practical because of the distance separating the two areas.
- 5.) Sarkar residents are part time summer residents and are not Alaska Residents, consequently giving them no vote in this matter.
- 6.) We bought our property in Sarkar Cove with the thought in mind that we would have our privacy to fish and recreate during the summer. We have no interest in becoming a citizen of a Second Class City!

I respectfully request that you revise the boundaries proposed for the Second Class City status for Naukati to exclude Sarkar Cove.

Sincerely,


AL DONNELLY


DOLORES L. DONNELLY

Pursuant to 3 AAC.110.480, Scott Van Valin, by and through his attorney, H. Clay Keene of Keene & Currall, and consultant, James A. Van Altvorst of Van Altvorst & Associates, files the following Respondent's Brief in opposition to the proposed incorporation of Naukati as a second class city in the unorganized borough:

INTRODUCTION

By letter dated April 16, 2004, Gene Kane, Director of Community Advocacy, Alaska Department of Community and Economic Development, advised the community of Naukati that the State had accepted the Petition for Incorporation of Naukati as a Second-Class City within the Unorganized Borough. That notice initiated the formal Alaska Local Boundary Commission (LBC) process to review that petition. This process could lead to a public vote and eventual incorporation of the City of Naukati.

El Capitan Lodge, owned and operated by Scott Van Valin, is included within the proposed municipality's boundary. Therefore, Mr. Van Valin is an interested party in the proceedings related to the subject Naukati petition and hereby offers this response to that petition. Respondent Van Valin opposes this petition for two basic reasons.

First, respondent opposes the petition, because as drafted, it does not adequately demonstrate that the community now meets critical standards for incorporation of cities in the State of Alaska and that it is therefore ready to assume the full duties and responsibilities of city government. It is reasonable to believe that the Naukati area could benefit from local government services. Naukati West Incorporated's *Community Action Plan* (April 1998) offers considerable discussion that could support the notion that forming a city government would likely be a good community economic development strategy. Specifically, the *Plan* notes (page 10) that "Governmental infrastructure is needed if Naukati West is to remain a viable community." The *Plan* offers reasonable supporting detail in this regard.

However, the important question at this point is not whether Naukati may “need” city government. Rather, the question that calls for an answer is whether Naukati has reached a point in its development that would allow it to organize and maintain a viable local government over the long term. In this regard, respondent believes the petition calling for the incorporation of the Naukati community as a new second class city seems premature as the petition fails to adequately meet key standards for incorporation. Specifically,

- Respondent believes Naukati does not yet meet the standard set forth in 3 AAC 110.005 and 3 AAC 110.920, which provide that the area proposed for incorporation must encompass a community. Naukati is still a relatively new and as of yet under-developed community. It lacks sufficient density, a well-defined and well-established business community, and other factors typical of a distinct social unit and of a community ready to assume the duties and responsibilities of a new city government.
- Respondent believes Naukati does not yet meet the standard set forth in 3 AAC 110.920 that, “in accordance with AS 29.05.011, the economy of a proposed city must include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level.” In this regard, respondent notes as follows:
 - Naukati does not yet evidence the characteristics of a community that has reached a level of maturity sufficient to support a local government. The apparent lack of a well-established business community is particularly telling.
 - The rather peculiar structure of the “package bed tax” raises serious equity and legal questions. This is particularly troubling since the proposed operating budget does not appear to require the revenue generated by this tax.

Second, respondent opposes the petition, because it includes territory, specifically US Forest Service lands and the Sarkar settlement, that far exceeds Naukati's present or reasonably foreseeable community needs. Importantly, this feature of the petition appears to be focused primarily on securing a potential source of revenue without appropriate regard to providing a reasonable balance of benefits. The Sarkar settlement shares no commonality or community of interest with Naukati. Thus, the petition to combine these areas within a single boundary is simply a pretext to impose a tax burden beyond the Naukati community.

APPLYING THE STANDARDS FOR INCORPORATION TO NAUKATI PETITION

Summary Regarding Evidence Of A Community

Geographic Proximity of Residents

The relatively low density of the Naukati community suggests that Naukati does not yet meet the standards set forth in 3 AAC 110.920 (a)(2).¹ This is particularly true when considered in light of other community characteristics.

The subject petition, as drafted, proposes a land area (exclusive of water areas) of 34.18 square miles for the City of Naukati, if incorporated. The Federal 2000 census claims a Naukati population of 135.² Therefore, the population density of the proposed City of Naukati would be only 3.95 people per square mile. According to the Local Boundary Commission staff's report on the Gustavus petition,

¹ 3 AAC 110.920 (a)(2):

(2) inhabitants reside permanently in a close geographical proximity that allows frequent personal contacts and comprise a population density that is characteristic of neighborhood living ...

² The petitioners claim Naukati's current population is 145 based on a "house by house head count," which they conducted on December 7, 2003. However, according to Alaska Division of Community Advocacy *Community Database Online* (www.dced.state.ak.us/dca/commdb/CF_BLOCK.cfm) the State Demographer estimates Naukati's 2003 population to be 109. Thus, depending upon which estimate is used, population density could range from a high of 4.24 people per square mile to a low of 3.19 people per square mile.

Existing cities in Alaska have population densities ranging from a high of 2,307 people per square mile of land (City of Ketchikan) to a low of 0.8 residents per square mile of land (City of Platinum). ... The average population density of all 145 cities in Alaska is 53.1 residents per square mile of land; the median figure is 46.5 persons per square mile.³

The City of Naukati, as proposed, would obviously be at the low end of the range. This is a simple result of a small population occupying a relatively large land area.

Naukati's interest in including the Sarkar area in its petition⁴ is certainly one reason for this. Based only on a visual inspection, the area proposed for incorporation is roughly twice the area envisioned for community or settlement purposes in the Alaska Department of Natural Resources' *Prince of Wales Island Area Plan*.⁵ Reducing the land area proposed for the new city to approximate the community envisioned in that *Plan* would, of course, result in two important outcomes:

First, the population density would double to approximately 7.9 persons per square mile. While that would still be relatively low compared to other Alaska cities, it would represent a somewhat more reasonable density more reflective of a community meeting the standard for incorporating a city wherein "inhabitants reside permanently in a close geographical proximity that allows frequent personal contacts and comprise a population density that is characteristic of neighborhood living."⁶

Second, reducing the boundaries could improve the viability of the new city government. The cost of delivering many local government services is directly related to the area in which the service is provided. Therefore, reducing the area in which

³ ADC&ED, *Preliminary Report to the Local Boundary Commission Regarding the Proposal to Incorporate the City of Gustavus*, August 2003, page 43.

⁴ The Sarkar area is not mentioned or otherwise included in Naukati's *Community Action Plan*, prepared for and approved by Naukati West Incorporated in April 1998. Sarkar-area property owners did not participate in the preparation of the *Plan*. This suggests that Naukati residents did not consider Sarkar part of their community at that time and that their interest in including the Sarkar area as part of an incorporated City of Naukati is relatively recent. A copy of the *Community Action Plan* is attached hereto and made a part of this brief as Appendix A.

⁵ ADNR, *Prince of Wales Island Area Plan*, December 1988, pp 109-136, and ADNR, *Prince of Wales Island Area Plan - Proposed Revisions*, March 1998, pp 36-46.

⁶ 3 AAC 110.920 (a)(2)

Naukati would be responsible for providing municipal services to the maximum extent possible while remaining consistent with the requirements of 3 AAC110.040(b) and (d) could prove to be beneficial to the new city if incorporation is ultimately successful.⁷

Inhabitants are a Discrete Social Unit

The number and tenure of the local businesses located in Naukati also raise serious doubt as to whether Naukati has yet developed to the point that it has become a “discrete social unit” and therefore whether Naukati now satisfies the standard set forth in 3 AAC 110.920 (a)(3).⁸ Several points can be made in this regard.

Under the heading “Method for Estimating Revenues from Over-night Stays and Vacation Packages” the Naukati petition identifies “four cabin/bunkhouse businesses who have been in business for over three years.”⁹ Interestingly, only two of those businesses, Naukati Cabins and Naukati Adventures, are actually listed in the Alaska Division of Occupational Licensing’s on-line database of business licenses. The other two businesses are not listed in that database. Further, one of the listed businesses, Naukati Adventures, is actually listed as a “ship and boat building” business, not as a business providing “cabin rental and RV Park (10 spaces).”¹⁰

⁷ See also discussion at Standard Regarding Boundaries of a Community herein. Further, discussion at Standard Regarding Resources herein demonstrates that, based upon the petition as drafted, the proposed City of Naukati would not be dependent upon the “package bed tax” revenue it projects from property located in the Sarkar area for the municipal functions that the petitioners envision. Therefore, loss of territory would not adversely affect the proposed local government. Further, appropriate solutions to the equity and legal questions surrounding the proposed tax would mitigate that loss.

⁸ 3 AAC 110.920 (a)(3)

(3) inhabitants residing permanently at a location are a discrete and identifiable social unit, as indicated by such factors as school enrollment, number of sources of employment, voter registration, precinct boundaries, permanency of dwelling units, and the number of commercial establishments and other service centers.

⁹ Petition for Incorporation of 2nd Class City, page 5.

¹⁰ ADC&ED, *Division of Occupational Licensing Database*. (www.dced.state.ak.us/occ/search1.htm), June 6, 2004.

Further, a quick survey of the State's readily-available business license database (78,359 records)¹¹ suggests rather clearly that Naukati's business community, while it appears to be growing, is not yet well-developed, mature or stable. When queried for records reflecting Naukati addresses the State's business license database shows the following:

- During the period 1992 – 2005 (year-of-expiry), an average of only 4.57 individuals representing an average of only 3.29 businesses were active in Naukati on any given year during that 14-year period.
- During the period 2000 – 2005 (year-of-expiry), an average of only 6.67 individuals representing an average of only 4.83 businesses were active in Naukati on any given year during that period.
- Finally, during 2004 and 2005 (year-of-expiry) there are 22 business licenses representing 16 individual businesses in Naukati.

While at first blush the State database suggests notable growth in business activity in Naukati, particularly during the more recent years, further analysis suggests that this apparent increase in activity cannot reasonably be interpreted as growing depth or stability in the local business community. Interestingly and very importantly, the State's business license database shows that during the entire 14-year period (1992 through 2005) covered by the State's database only two businesses with Naukati addresses were active for more than one business license cycle (two years). Specifically, that database shows that

- Only one business license (the same business name) was renewed by the same individuals,¹² and

¹¹ See Appendix B, Naukati Business License Data, for details.

¹² Actually the reported names show minor changes, e.g., a full first name instead of a shortened version, etc.

- Only one business license (the same business name) was renewed but by a different person.¹³

Therefore, available data clearly suggests that, while Naukati is gradually developing a local business community, it has not, by any stretch of imagination, yet achieved reasonable depth, stability or maturity. This raises two significant questions: (1) Does the community have the resources at this point to support a viable city government? (2) Can one reasonably view Naukati as a “discrete social unit?” A fair answer to both questions at this juncture would be “no.”

Other Naukati-specific documentation supports these conclusions. Specifically, the relatively recent (1998) *Community Action Plan*, prepared for and approved by Naukati West Incorporated, offers the following assessment of the local business community.

As a community, Naukati West is too young to have what can be properly called a traditional economy.¹⁴

That *Plan* also notes

The community [of Naukati] exists because of a decision by the State of Alaska to sell residential lots.¹⁵

Finally, the *Plan* adds that,

While the Naukati logging camp originated as an answer to an industrial need, like many Alaska communities Naukati West did not originate because of some economic need or advantage.¹⁶

Looking beyond Naukati helps gain important perspective on this point. The recently approved Gustavus petition shows

¹³ Presumably, this reflects a transfer of ownership of a business.

¹⁴ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 4.

¹⁵ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 4.

¹⁶ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 7.

currently 157 active business licenses in Gustavus ... [and a] substantial number of local employment sources ... [which include] the National Park Service, school district, post office, 14 lodges and bed & breakfasts (B&Bs), 18 charter businesses, 10 service oriented businesses, 9 professional services, 6 contractors, 3 retail stores, 2 construction contractors, and 5 transport businesses.¹⁷

Neighboring Prince of Wales Island communities, all second class cities, offer further perspective. For example, Coffman Cove presently shows 45 business licenses representing 38 individual businesses. Kasaan shows 10 business licenses that represent 8 individual businesses. Thorne Bay shows 140 business licenses representing 105 individual businesses.¹⁸ In comparison, the current Naukati business community appears underdeveloped. It does not appear sufficiently robust to provide the resources reasonably necessary to support a viable local government. While the community may well overcome this deficiency in time, the Local Boundary Commission must give careful consideration to this point as it evaluates the subject petition. With declining federal and state grants and shared revenues, it is increasingly important that communities be demonstrably capable of generating and collecting sufficient revenues to meet local service and facility needs. Available data regarding Naukati does not support such a conclusion at this time.

Summary

Accordingly, the respondent asserts that Naukati does not yet meet the standard set forth in 3 AAC 110.005 and 3 AAC 110.920. The area proposed for incorporation does not yet encompass a community. Naukati is still a relatively new and as of yet under-developed community. It lacks sufficient density, a well-defined and well-established business community, and other factors typical of a distinct social unit and

¹⁷ ADC&ED, *Preliminary Report to the Local Boundary Commission Regarding the Proposal to Incorporate the City of Gustavus*, August 2003, page 44.

¹⁸ ADC&ED, Division of Occupational Licensing Database. <http://www.dced.state.ak.us/occ/search1.htm>. See Appendix C for a table detailing these statistics.

of a community ready to assume the duties and responsibilities of a new city government.

Standard Regarding Boundary

Geographic and Demographic Separation

The boundaries as proposed for incorporation exceed the needs of the proposed city of Naukati. The petition does not provide the Commission with sufficient information to find that the conditions of AS 29.05.011¹⁹ and 3 AAC 110.040(b) and (d) have been met.

As discussed below, the community of Naukati is separated by approximately three miles of National Forest²⁰ from the settlement of Sarkar.²¹ The citizens of

¹⁹ AS 29.05.011 states:

Sec. 29.05.011. Incorporation of a city. (a) A community that meets the following standards may incorporate as a first class or home rule city:

- (1) the community has 400 or more permanent residents;
 - (2) the boundaries of the proposed city include all areas necessary to provide municipal services on an effective scale;
 - (3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;
 - (4) there is demonstrated need for city government.
- (b) A community that meets all the standards under 9a) of this section except (a)(1) may incorporate as a second class city.

²⁰ Petition for Incorporation of 2nd Class City, page 23, Petitioner states:

The proposed area of incorporation is all of the State Land in and around Naukati...

Naukati and the part-time residents of Sarkar are further distanced by their distinctly different lifestyles and demographics. The residents of Sarkar number less than twelve part-time residents,²² who reside only during the summer at Sarkar.²³ The absence of association and dependence between these populations precludes the appearance or fact of community. The settlement of Sarkar has little in common with the people or community of Naukati. This alone questions the propriety of making the Sarkar area part of the proposed city of Naukati.

Naukati and Sarkar Are Not a Single Homogenous Community

This statement ignores the presence of National Forest land extending through the proposed boundary area, and situated directly between the community of Naukati West and the Sarkar Subdivision. The settlement of Naukati is not contiguous to the "State Land" that comprises the Naukati community. This is most evident from the US Forest Service *Prince of Wales Island Road Guide* map which is attached as Appendix D, and which identifies federal National Forest land situated between the Naukati community and the Sarkar settlement. As the crow flies, approximately three miles of federal land separate Naukati and Sarkar. However, it takes 35-40 minutes under good conditions to drive the eight miles from the waterfront parcels at Sarkar to the community of Naukati. The road system is limited and includes more than a mile of private, single lane access through the subdivision, and continues as a single lane dirt road for an additional mile and a quarter until it connects with Highway 20 that continues the remaining six miles to Naukati. Extending either water or sewer services from Naukati to Sarkar along this road system, or directly across federal land, would be neither feasible, nor practical. Boat travel between the waterfront parcels at Sarkar and Naukati is practical, weather permitting. A boat trip to Naukati from Sarkar takes about twenty-five minutes.

²¹ The petition does not describe the citizens or property that comprise the Sarkar settlement. The 300 acres of private land within the Sarkar Subdivision are surrounded on all sides entirely by water and National Forest, and do not otherwise adjoin the community of Naukati. Consequently, there is no opportunity for expanding the Sarkar settlement beyond the boundaries of the subdivision. The development of the subdivision has been painstakingly slow since Ruth Ann Albright, of Craig, Alaska, and Lee Falk, of Tacoma, Washington, developed it in the 1990's. There are ten waterfront parcels and 30 upland parcels within the subdivision. There are presently only seven single-family homes and the El Capitan Lodge within the subdivision. Of the 30 upland parcels only two have been sold and neither is developed. Of the ten waterfront parcels, one remains undeveloped. Accordingly, the part-time residents of the Sarkar Subdivision do not comprise a "community," either amongst themselves or in combination with Naukati residents, as that term is defined in 3 AAC 110.920(1),(2) and (3).

²² See, 3 AAC 110.920(a)(1):

(a) In determining whether a settlement comprises a community, the commission may consider relevant factors, including whether the

(1) settlement is inhabited by at least 25 individuals;

²³ See, 3 AAC 110.920(a)(2):

(2) inhabitants reside permanently in a close geographical proximity that allows frequent personal contacts and comprise a population density that is characteristic of neighborhood living;

The residents of Naukati are, for the most part, remnants of what was a logging community. They have survived the disappearance of a timber economy on ingenuity and a quasi-subsistence life style.²⁴ This is distinctly different from the life style and culture of the part-time residents of Sarkar. The residents of Sarkar come to Alaska seasonally.²⁵ They are middle-aged or older, and retired. These people come to Alaska to fish and recreate during the summer. Most leave in the fall. There are no residents within the Subdivision's properties during the winter, except for the watchman at the El Capitan Lodge.

The people that own property in the Sarkar Subdivision value their privacy. The only road access through the Subdivision is gated and locked. More than three miles of federal land and eight miles of road separate the Subdivision from Naukati. There is no "discrete and identifiable social unit" common to the residents of the Subdivision other than their ownership of land.²⁶ They have no children who are attending school that would bring them in contact with the citizens of Naukati. None have businesses or commercial enterprises that would draw the citizens from Naukati to the Sarkar settlement. The only business within the Subdivision is the El Capitan Lodge. That business does not employ residents

²⁴ Community Action Plan, Naukati West Incorporated, April 1998, pages 7, 8, and 10, attached hereto and made a part of this brief as Appendix A.

²⁵ Of the seven Sarkar landowners identified, one resides in Phoenix, Arizona, one in Santa Rosa, California, one in Kona, Hawaii, and one in Carlsborg, Washington. The other residents identified have Craig, Alaska addresses, and like the out-of-state residents, do not reside "permanently" at their Sarkar property. Many of these out-of-state residents cannot vote in Alaska. Not identified on page 15 of the petition as a subdivision resident, is Lee Falk, who resides in Tacoma, Washington, and was the co-developer of the subdivision with Ruth Ann Albright.

²⁶ See, AAC 110.920(a)(3):

(3) inhabitants residing permanently at a location are a discrete and identifiable social unit, as

indicated by such factors as school enrollment, number of sources of employment, voter

registration, precinct boundaries, permanency of dwelling units, and the number of

commercial establishments and other service centers.

from the Subdivision or from Naukati. The Lodge has virtually no business relationship with Naukati, and no other needs that are presently being met by persons or businesses from the Naukati community. Similarly, few within the Sarkar settlement do business in Naukati other than the infrequent purchase of gas or convenient store type purchases.

The Sarkar property owners have not solicited or asked for services from the community of Naukati.²⁷ They have interests and needs distinctly different from those of the residents of Naukati. Petitioner has not, nor is it practical, for Petitioner to identify a common thread that joins the citizens of Naukati with the residents of Sarkar as a single community. Adopting the proposed boundaries will do nothing to change the separateness and distinctions that set these areas and their people apart.

Absent from the petition²⁸ is discussion that satisfies 3 AAC 110.040(b).²⁹ The residents of Sarkar are not now, nor have they been, part of the Naukati

²⁷ Petition for Incorporation of a Second Class City, page 25:

With this growth in the Sarkar subdivision Naukati feels that it is only a matter of time until Sarkar residents will want services providing quality of life and emergency response.

The Petitioner has assumed the people of Sarkar want the services offered in the petition. There is no evidence before the Commission that the seven part-time residents want to be made part of the community of Naukati, or want the services offered by Petitioner. These people are at a distinct disadvantage. They are few in number, and most do not qualify to vote in Alaska. They have little or nothing in common with the community of Naukati and those asked have told Petitioner that they do not want to be made part of the Naukati community. The clear motive for making Sarkar part of the city of Naukati, is not to join two homogenous communities, but for the community of Naukati to capture tax revenue beyond its borders. The Commission should consider this carefully. Caution needs to be taken. The Commission must consider whether the community of Naukati is sufficiently mature to assume the obligations of incorporation. The fact Naukati looks beyond itself for tax revenue from a distant settlement having no connection or relationship to Naukati should raise the concern that Naukati is not ready for incorporation.

²⁸ Petition for Incorporation of a Second Class City, pages 23-45.

²⁹ 3 AAC 110.040(b):

community. They are not socially, religiously, or emotionally linked to the community of Naukati. The residents of Sarkar have never shown a desire or need to be part of the Naukati community. Similarly, Naukati has never demonstrated a need or desire to make the residents of Sarkar part of the Naukati community.

The petition provides no facts upon which the Commission can find that the presumption of 3 AAC 110.040(d) is rebutted in favor of the Petitioner. The Sarkar settlement is not contiguous to the community of Naukati because of three miles of National Forest that separates them. Accordingly, the Petitioner has the burden, under 3 AAC 110.040(b), to give persuasive justification for making Sarkar part of the city of Naukati.³⁰ This burden requires the Petitioner to explain in clear, concise and persuasive language why, in the face of the noncontiguous status of these areas, it is necessary to include the Sarkar settlement into the boundaries of the city of Naukati. This, the Petitioner has failed to do.

Summary

The petition is without discussion, much less persuasive reasoning, (1) why the distant settlement of Sarkar, with its distinctly different population, should be included into the boundaries of the proposed city, or, (2) what essential needs, services or resources are obtainable only from the Sarkar settlement that make necessary the addition of the Sarkar settlement to the proposed city of Naukati. In the absence of such a showing by Petitioner, the Commission must find that the Sarkar settlement, and its people, are not necessary to the needs of the city of

(b) The boundaries of the proposed city must include only that territory **comprising a present local community**, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of incorporation. (Emphasis added)

³⁰ 3 AAC 110.040(d):

Absent a specific and persuasive showing to the contrary, the commission will presume that territory proposed for incorporation that is non-contiguous or that contains enclaves does not include all land and water necessary to allow for the full development of essential city services on an efficient, cost-effective level.

Naukati. Such a finding requires that the Sarkar settlement be excluded from the boundaries of the city of Naukati.

Standard Regarding Resources

Reasonably Anticipated Expenses of Proposed City

To facilitate review of the proposed budget, respondent reorganized the proposed revenues and expenses along functional lines. Respondent's reorganized budget is attached hereto as Appendix E. The reorganized draft shows the following points of concern regarding the budgets the petitioners propose for the new City of Naukati:

- Petitioners propose a significant, perhaps unreasonable, reserve fund. Specifically, the petitioners project municipal reserves of 21 percent, 54 percent, and 46 percent for budget years 1, 2 and 3 respectively. The projected reserves average 41 percent over the first three years of municipal operation. This appears excessive, even in light of the uncertainties attending the establishment of a new municipality. This is especially true since the petition does not express a purpose for such a large reserve fund.
- Petitioners propose a significant share (45 %) of the total municipal expenditures for administrative functions only indirectly related to provision of actual services, such as public safety or public works services, to the general public. See chart attached hereto as Appendix F. Although respondent recognizes the importance of administrative functions in any organization, the apparent emphasis on administration in the subject petition for incorporation of Naukati raises a question as to whether or the degree to which there is, in fact, a need for city government as required by the standards for incorporation.³¹

³¹ 3 AAC 110.010(a) provides that "In accordance with AS 29.05.011, a community must demonstrate a reasonable need for city government."

- Municipal enterprises comprise nearly one quarter (24%) of the proposed city's expenditures.³² See chart attached hereto as Appendix F. The shellfish nursery represents the lions' share (68%) of projected enterprise expenditures.³³ Although such a shellfish nursery is arguably an appropriate municipal function in concept as it should support local economic development, its inclusion in the Naukati municipal organization and budget seems problematic. Respondent understands that, in this case, the shellfish nursery site lease and the permits for operation are already in place as a result of the efforts of various local individuals and a not-for-profit organization. Therefore, interjection of the municipality into the shellfish nursery operation seems wholly unnecessary – the community already enjoys, or will soon enjoy, the benefits of the shellfish nursery enterprise. Again, this raises the question as to whether there is a need sufficient to meet the test of AS 29.05.011 and 3 AAC 110.010(a) for city government at Naukati.³⁴
- Petitioners do not propose a balanced budget. The budget shows a constant deficit of \$5,000. This is not a significant amount; it is easily managed given the estimated reserves. Nonetheless it seems worthy of note.
- Petitioners do not make any provision for legal services in the proposed budget in spite of the fact that the petition includes numerous issues, which are fraught with legal complexities. City council actions to establish the foundations of the City of Naukati would benefit from attorney consultation and oversight. The initial steps are critically important; the benefits of timely advice would easily outweigh the costs. In this regard, respondent notes the following:

³² Calculation: Total Municipal Enterprise Expenditures of \$37,250 divided by Total Municipal Operating Expenses of \$153,750 equals 24 percent.

³³ Calculation: Total Shellfish Nursery Expenditures of \$25,350 divided by Total Municipal Enterprise Expenditures of \$37,250 equals 68 percent.

³⁴ 3 AAC 110.010(a) provides that "In accordance with AS 29.05.011, a community must demonstrate a reasonable need for city government."

- The initial organization of the municipality will require various ordinances, resolutions and other policy documents. Ordinances in particular, which carry the force of law, are not to be taken lightly. Those ordinances and resolutions that form the foundation for the City of Naukati and its operations would clearly benefit from legal review and consultation.
- The rather peculiar structure of the “package bed tax” that the petitioners propose raises serious equity and legal questions. The City of Naukati would clearly benefit from legal consultation as it attempts to draft the sales tax ordinance as proposed in the petition, including development of appropriate legally defensible definitions for the class or classes of goods and services to be taxed, and creation of the necessary enforcement mechanisms.
- The petition proposes transfer of certain assets (and liabilities) from various not-for-profit organizations. This is not necessarily a simple undertaking. The new city would benefit from the services of an attorney for satisfactory completion.
- Similarly, the mechanics of transferring the shellfish nursery enterprise to the municipality is likely to be a fairly complex project. The petition does not spell out the process for the city to assume the privately-held shellfish nursery site lease and operating permit to City. For example, respondent understands and believes that, while the site lease could be held by a municipal corporation, a shellfish nursery operating permit must be held by an individual. How will the proposed city accomplish these tasks? Respondent believes the process will likely require the services of an attorney for satisfactory completion.

- The proposed budget does not analyze the effect of program restrictions (road maintenance and special projects) affecting National Forest Receipts payments on expenditures.

Ability of Proposed City to Generate and Collect Local Revenue, and the Reasonably Anticipated Income of the Proposed City

The Naukati petition raises four points of significant concern with regard to the “ability of proposed city to generate and collect local revenue, and the reasonably anticipated income of the proposed city.” Those points follow.

- Grants and shared revenues are generally declining. In its relatively recent review of the Gustavus petition, LBC staff noted several such sources of revenue that are declining.³⁵ The Naukati West Incorporated *Community Action Plan* also discusses this general concern,³⁶ suggesting that incorporation could be one possible way for the community to respond to such problems.³⁷ However Naukati, unlike Gustavus, would not have substantial resources readily available as it wrestles with gradually declining federal- and state-shared revenues. Naukati’s economic base appears weak and generally under-developed. Further, judging from the tone of the petition and the *Community Action Plan*,³⁸ the community seems less tolerant of broad-based sales or property taxes. This could seriously constrain the municipality’s ability to perform necessary services or provide essential or desired facilities. In the extreme, this could jeopardize the viability of the city.

³⁵ ADC&ED, *Preliminary Report to the Local Boundary Commission Regarding the Proposal to Incorporate the City of Gustavus*, August 2003, page 62-64.

³⁶ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 9.

³⁷ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 10-11.

³⁸ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 10: In spite of the general recognition that “governmental infrastructure is needed if Naukati West is to remain a viable community,” “There is currently little apparent desire among Naukati West residents to become a second class municipality.”

- As discussed elsewhere in this brief, the Naukati's economic base appears generally weak and under-developed. This raises serious question as to the "ability of the proposed city to generate and collect local revenue."
- Respondent believes the rather peculiar structure of the package bed tax, as proposed, raises serious equity and legal questions. Appropriate resolution of those concerns could result in a significant impact on estimated income from this source. However, in this regard, respondent notes that the proposed operating budget does not appear to actually require the revenue generated by the bed tax – accepting a lower reserve fund, e.g., 20 percent instead of 40 percent, would adjust for possible losses in bed tax revenue.
- Respondent asserts that the proposed boundaries for the City of Naukati encompass territory not justified under the standards for incorporation. If the Commission redraws the boundary of the proposed municipality to address that problem, the reduced area would likely exclude the major source (El Capitan Lodge) of the package bed tax proposed in the petition. Again, in this regard, respondent notes that the proposed operating budget does not appear to require the revenue generated by the tax. A simple adjustment – accepting a lower reserve fund, e.g., 20 percent instead of 40 percent, would correct for the possible loss in bed tax revenue. Therefore, loss of territory should not adversely affect the proposed local government. Further, appropriate solutions to the equity and legal questions surrounding the proposed tax could also mitigate that loss.

Feasibility and Plausibility of the anticipated Operating and Capital Budgets Through Third Full Fiscal Year of Operation

Petitioners estimated an approximate 60 percent increase in shellfish production and sales beginning with the second year of operation.³⁹ However, petitioners did not carry related increases in expense and income into the proposed municipal budgets for the

³⁹ Petition for Incorporation of 2nd Class City, page 5.

second and third years following incorporation. To address this oversight and to facilitate review of the longer-term implications of the proposed budget, respondent attempted to make and include those estimates in a draft of a revised Naukati budget. Respondent's calculations regarding the proposed shellfish enterprise and the resultant revised budget are attached hereto as Appendix G and Appendix H respectively. This review and budget analysis merely reinforces respondent's concern, expressed above, regarding the level of municipal reserves carried in the proposed budget without apparent purpose.

Economic Base of the Proposed City

A review of Naukati West Incorporated *Community Action Plan* (April 1998), of ADNR's *Prince of Wales Island Area Plan* (1988 and 1998 editions), and of historic and current community business license data suggest quite clearly that Naukati is a very young community and that, therefore, the community, though developing, still lacks a well-developed economic base sufficient to sustain city-level government.

ADNR's *Prince of Wales Island Area Plan* offers interesting perspective. The December 1988 edition notes simply that "Naukati has been the site of a log transfer facility and logging camp for many years." It also notes that "Naukati is expected to develop into a permanent community after state land disposal because it is the primary access point to the Sea Otter Sound from Prince of Wales Island, it is strategically located related to the island road system, and the area has desirable settlement values."⁴⁰ (Emphasis added.)

However, by 1998 the revised edition of the *Prince of Wales Island Area Plan* offered a slightly upgraded projection regarding the prospects of Naukati one day becoming a permanent community. The 1998 edition no longer mentions the log transfer facility or the logging camp. Further, by deleting the phrase "after state land disposal," it suggests that the State land disposal, anticipated in 1988, was then completed. This

⁴⁰ ADNR, *Prince of Wales Island Area Plan*, December 1988, p. 123.

argues that, at least from ADNR's perspective, Naukati was by then able to begin the initial steps in the often long journey to becoming a full-fledged community capable of supporting city government.

Naukati West Incorporated *Community Action Plan* further reveals the newness of Naukati. The plan notes that, at that time (April 1998),

Naukati is trying to find a replacement economy as timber harvests from the Tongass National Forest continue to diminish and harvests from other ownerships are unable to take up the slack ...

The *Plan* discussed at some length the opportunities for Naukati to develop a diversified and stable local economy. The *Plan* also discussed the limitations and challenges the community would face as it embarked on the road to becoming a full-fledged community. Not insignificantly, the *Plan* notes that Naukati "lacks any clear economic advantage."

Perhaps one of the more distinguishing characteristics of Naukati West is that it is not an old enough community to have experienced a major economic loss. While the Naukati logging camp originated as an answer to an industrial need, like many Alaska communities Naukati West did not originate because of some economic need or advantage. However, many residents have a long history of working in the forest industry throughout Southeast and diminishing timber production therefore has significant implications for the community (as does the lack of any clear economic advantage).⁴¹

That is not to say that Naukati is without hope. The *Plan* identifies a number of area features and resources that could, with time and investment, form a reasonable basis

⁴¹ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 7.

for a stable and diversified local economy. The *Plan* is an “Action Plan.” It identifies specific projects and sets out a basic plan to move forward.

However, historic and current community business license data (discussed at Standard Regarding Existence of a Community herein) establish the fact that Naukati’s journey to becoming a full-fledged community has just begun. It has not yet arrived. Accordingly, respondent asserts that Naukati does not yet have an economic base adequately developed to sustain city government.

Existing and Reasonably Anticipated Industrial, Commercial, and Resource Development for the Proposed City

As discussed above and at Standard Regarding Existence of a Community herein, respondent asserts that the Naukati West Incorporated *Community Action Plan* (April 1998) and historic and current business license data demonstrate that Naukati does not yet meet this standard. Respondent asserts that “existing and reasonably anticipated industrial, commercial, and resource development” are presently insufficient to sustain the proposed city.

Personal Income of Residents of the Proposed City

Respondent notes that, with regard to income and related data, Naukati presently appears somewhat less able to support city government than other Prince of Wales Island communities. Income and employment statistics from 2000 census data are particularly telling in this regard.

For example, per capita income for Naukati, Coffman Cove, Kasaan and Thorne Bay averages \$19,945. Naukati per capita income of \$15,949 is only 80 percent of the average. Similarly, median family income for Naukati, Coffman Cove, Kasaan and Thorne Bay averages \$41,788. Naukati median family income of \$32,917 is 79 percent of the average. Note Appendix I(1), Population Characteristics, attached hereto, for details.

Employment statistics for persons 16 years or older paints a similar picture. Average level of employment in that age category Among the Prince of Wales communities of Naukati, Coffinan Cove, Kasaan and Thorne Bay the average level of employment is 53 percent. Naukati, at 40 percent, falls 25 percent below the average.

Accordingly, respondent urges the Commission to assess carefully Naukati's ability to sustain city government at this time.

Need for and Availability of Employable Skilled and Unskilled Persons to Serve the Proposed City

As discussed above and at Standard for Existence of a Community herein, respondent asserts that the Naukati West Incorporated *Community Action Plan* (April 1998) and historic and current business license data demonstrate that Naukati does not yet meet this standard. Accordingly, respondent urges the Commission to assess carefully whether Naukati has sufficient "employable skilled and unskilled persons to serve the proposed city."

Reasonably Predictable Level of Commitment and Interest of Residents in Sustaining a City

Interest in forming a local government in the Naukati area appears to be a fairly recent phenomenon. The reasons are likely quite simple and obvious.

In part, it is likely a simple result of the fact that the relevant history of settlement in the Naukati area is quite short. The State of Alaska *Community Database Online* sums it up rather simply: "It was a [Ketchikan Pulp Company] logging camp at one time, but later settled as a Department of Natural Resources land disposal site."⁴² This is consistent with discussions of the beginnings of the Naukati community provided in

⁴² Alaska Division of Community Advocacy, *Community Database Online*, www.deed.state.ak.us/dea/commndb/CF_BLOCK.cfm

the *Community Action Plan* ⁴³ and with the background information relating to Naukati in the *Prince of Wales Island Area Plan*. ⁴⁴

Further, many people expressly choose to live in relatively remote locations like Naukati in order to limit to the extent possible the influence and impact of government on their day-to-day lives. Public community planning documents articulate such a general lack of interest in local government. Notably, the *Community Action Plan* prepared for and approved by Naukati West Incorporated noted as recently as 1998 that, in spite of the apparent fact that “government infrastructure is needed if Naukati West is to remain a viable community,” “there is currently little apparent desire among Naukati West residents to become a second class municipality.” ⁴⁵

Therefore, the subject petition appears to represent a relatively recent change of heart among at least some members of the community. In this regard, the Naukati petition stands in marked contrast with the long-term efforts of Gustavus residents to incorporate their community – it took nearly two and a half decades for Gustavus to achieve that milestone.

In this light, respondent urges the Commission to assess carefully the “level of commitment and interest that Naukati area residents hold with regard to sustaining a city government.”

⁴³ *Community Action Plan*, Naukati West Incorporated, April 1998, notes at page 4: “The community of Naukati] exists because of a decision by the State of Alaska to sell residential lots.”

⁴⁴ ADNR, *Prince of Wales Island Area Plan*, December 1988, pp 123-129, and ADNR, *Prince of Wales Island Area Plan – Proposed Revisions*, March 1998, pp 41-46. *Prince of Wales Island Area Plan*, December 1988, notes at page 123: “Naukati has been the site of a log transfer facility and logging camp for many years.” *Prince of Wales Island Area Plan – Proposed Revisions*, March 1998, notes at p 41: “Naukati is expected to develop into a permanent community [AFTER STATE LAND DISPOSAL] because it is the primary access point to the Sea Otter Sound from Prince of Wales Island, it is strategically located related to the island road system, and the area has desirable settlement values.”

⁴⁵ *Community Action Plan*, Naukati West Incorporated, April 1998, p. 10.

Summary

Accordingly, the respondent asserts that Naukati does not meet the standard set forth in ~~AS 29.05.011~~ and 3 AAC 110.020. Naukati is still a relatively new and as of yet under-developed community. The economy of a proposed city does not yet include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level.

CONCLUSION

In summary, respondent El Capitan Lodge, LLC objects to and opposes the petition calling for the incorporation of Naukati as a second class city in the unorganized borough for the following reasons.

- Naukati does not yet meet the standard set forth in 3 AAC 110.005 and 3 AAC 110.920, which provide that the area proposed for incorporation must encompass a community. Naukati is still a relatively new and as of yet under-developed community. It lacks sufficient density, a well-defined and well-established business community, and other factors typical of a distinct social unit and of a community ready to assume the duties and responsibilities of a new city government.
- The proposed boundaries include territory, specifically US Forest Service lands and the Sarkar settlement, that far exceeds Naukati's present or reasonably foreseeable community needs. Therefore, the petition, as presented, does not meet the standard set forth in 3 AAC 110.040 (b) and (d).
- Naukati does not yet meet the standard set forth in 3 AAC 110.020 that, "in accordance with ~~AS 29.05.011, 41~~, the economy of a proposed city must include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level." Naukati does not yet evidence the

characteristics of a community that has reached a level of maturity sufficient to support a local government. In this regard, the apparent lack of a well-established economic base is particularly telling.

Dated at Ketchikan, Alaska this 15th day of July 2004.

KEENE & CURRALL
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By H. Clay Keene
H. Clay Keehe

VAN ALTVORST & ASSOCIATES
Consultant

By James A. Van Altvorst
James A. Van Altvorst

Appendices

- A. *Community Action Plan*. Naukati West Incorporated, April 1998
- B. Alaska Business License Data -- Naukati
- C. Alaska Business License Data -- Comparing Naukati with Other Prince of Wales Island Communities
- D. Prince of Wales Island Road Guide
- E. Budget as Proposed by Petitioner -- Reformatted Version
- F. Percent Distribution of Proposed Expenditures - Budget Year 1
- G. Shellfish Nursery Analysis
- H. Revised Version (Incorporating Shellfish Nursery Operation Into Years Two and Three of Proposed City Budget)
- I. Federal Census Data
 - I(1) Population Characteristics
 - I(2) Population History
 - I(3) Residency and Housing Characteristics

APPENDIX B

Naukati Second-Class City Petition

Naukati Second Class City Status

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PETITION FOR INCORPORATION OF A SECOND CLASS CITY WITHIN THE UNORGANIZED BOROUGH

The petitioners hereby request that the Alaska Local Boundary Commission approve this petition for incorporation of the second-class city government in the Unorganized Borough as described herein. Petitioners seek the proposed city incorporation under the provisions of AS 29.05.011 - AS 29.05.021, AS 29.05.060 - AS 29.05.150; 3 AAC 110.005 - .042, 3 AAC 110.400 - .660 and 3 AAC 110.900 - .990.

Section 1. NAME OF PROPOSED CITY

Upon incorporation, the city government shall be known as the "City of Naukati", a second-class city organized under the laws of the State of Alaska.

Section 2. GENERAL DESCRIPTION OF AREA PROPOSED FOR CITY INCORPORATION

The area proposed for incorporation as the City of Naukati, includes all lands, tidelands, and submerged lands within the following boundaries.

Beginning at the protracted NW corner of Section 24, T68S, R78E, Copper River Meridian (CRM); thence east to the protracted NE corner of Section 20 T68S R79E, CRM; thence south to the protracted SE corner of Section 32, T68S, R79E, CRM; thence east to the protracted NE corner of Section 3, T69S, R80E, CRM; thence south to the protracted SE corner of Section 27, T 69S, R80E, CRM; thence west to the protracted SW corner of Section 27, T69S, R79E, CRM; thence northerly to the protracted NW corner of Section 24, T68S, R78E, CRM, the point of beginning, all in the First Judicial District, State of Alaska.

Note: Description based on 1949 (revised 1993) Craig D4, 1:63,360
U.S.G.S. topographic map.

Section 3. Reasons for Incorporation

The citizens of Naukati, Alaska wish to incorporate and become a second - class city in order to facilitate the effectiveness of service delivery for all citizens of the area. Incorporation will provide an equitable avenue to fund these services and to provide an appropriate manner in which to interact with State and other local government agencies. Naukati residents have long enjoyed life with very little governmental intervention. Local services desired by the population have been provided largely through revenue sharing, grants, fund raising, volunteerism, and donations. This manner of financing our Community Association Government is neither equitable nor is it effective. Our population has greatly expanded in recent years and will continue to expand resulting in a greater need for services and financial resources. The population of Naukati varies from summer to winter providing many small businesses, tour operators, fishing charters, shell fish farms and lodge owners the opportunity to make substantial profits on a seasonal basis. While this growth is profitable for some, it results in a significant burden for the permanent residents and a corresponding strain on the already fragile infrastructure of the community. Incorporation as a second - class city will enable the community to obtain grant monies, generate revenue to support necessary services, make binding decisions, and enter into agreements with other government entities through a sanctioned form of government and to maintain a quality of life fundamental to the residents.

By incorporating, Naukati would be able to:

- ☐ Provide a proactive and efficient approach to the decision making process.
- ☐ Provide locally generated revenues for the maintenance, operation and establishment of capital projects.
- ☐ Provide a representative council to make informed and binding decisions for the city.
- ☐ Provide an avenue for the city to interact effectively with other governmental agencies.
- ☐ Provide necessary services for an ever-expanding population.
- ☐ Provide monies for infrastructure maintenance within the community.

**Section 4. LEGAL DESCRIPTION OF THE TERRITORY
PROPOSED FOR INCORPORATION**

A written metes and bounds legal description of the territory proposed for incorporation is provided in **Exhibit A.** (Page 9)

Section 5. MAPS AND PLATS

A map showing the territory proposed for incorporation, along with plats and other documents necessary to demonstrate the accuracy of the written legal description of the territory proposed for incorporation are presented in **Exhibit B.** Page (10)

Section 6. SIZE

The territory proposed for incorporation encompasses 44.0 square miles. This area is comprised of 34.18 square miles of land and 9.82 square miles of water.

Section 7. PETITIONER'S REPRESENTATIVE

The following individual is the representative of the petitioners in matters concerning this incorporation proposal:

Name: Arthur W King
Mailing Address: N.K.I. Box 431
101 Thimbleberry Street
(Lot 5 Block 1)
Naukati, Alaska 99950-0550
Telephone # 907-629-4266
Fax # 907-629-4266 call before faxing
E-mail address: claireking@starband.net

Further, the petitioners appoint the following person as the alternate representative on all matters regarding the proposed incorporation in the event that the primary Representative is absent, resigns, or fails to perform his or her duties:

Name: Ronald A Brown
Mailing Address: N.K.I. Box 18
357 Huckleberry Street
(Lot 6 Block 4)
Naukati, Alaska 99950-0550
Telephone # 907-629-4233

Section 8. POPULATION

The number of permanent residents living within the territory proposed for incorporation is estimated to be: (2002) State Demographer is 110. While the 2000 Census recorded 135, we have done a house by house head count on December 7, 2003 and actually have 144 with 11 persons being part time (summer time residents). These last figures do not reflect the residents in the El Cap/Sarkar subdivision. This is a 93% year round residency.

We have a D.N.R. land sale of 56 lots coming up for sale in the spring of 2005, which could increase our population and economic base. Naukati has a 4.1 million dollar K through 12 schools being built in 2004 the groundwork has already begun.

Section 9. NUMBER OF VOTES CAST IN LAST STATE general ELECTION

The number of votes cast in the last State general election within the territory proposed for incorporation is: 38. A letter from the State Division of Elections documenting the number of votes cast is provided as **Exhibit C**. Page (11)

Section 10. CITY COUNCIL

The city council will be composed of seven members elected at-large. The mayor will be elected by and from the council.

Section 11. INFORMATION RELATING TO PUBLIC NOTICE

Exhibit D offers information relevant to providing public notice of the incorporation proceedings. This includes information about local media, adjacent municipal governments, places for posting public notices, location where the public may review the petition, and parties who, because of their interest in this matter, may warrant individual notice of the incorporation proceedings.

Section 12. PROPOSED CITY TAXES

The petitioners request that proposition(s) be placed on the incorporation ballot authorizing the proposed city to levy the types of tax listed below in the left-hand column at the rates specified in the middle column.

State law allows petitioners to request that the Local Boundary Commission condition incorporation upon passage of propositions authorizing the city to levy bed tax and/or sales taxes. The right-hand column expresses the petitioners' desire concerning whether incorporation should be conditioned upon voter approval of any of the taxes.

**TAX TYPE TAX RATE INCORPORATION CONDITIONED UPON
VOTER APPROVAL**

TAX TYPE	TAX RATE	INCORPORATION CONDITIONED UPON VOTER APPROVAL	
BED TAX	4%	YES (X)	NO ()
SALES TAX		YES ()	NO (X)
PROPERTY TAX		YES ()	NO (X)

The City of Naukati bed tax.

Lodges, B&B's, hotels, cabin rentals, RV park, and other short-term bed rentals will charge a bed tax of 4% on the entire vacation package. (This will include room, meals, Charter trips and transportation if they are all part of the package.)

Section 13. TAXABLE VALUE OF PROPERTY

The taxable value of property within the territory proposed for incorporation is estimated as follows: Real Property=\$4,351,170.00, Personal Property=\$1,600,00.00 Total \$5,951,170.00

Real Property	\$4,351,170.00
Personal Property	\$1,600,000.00
Total	\$5,951,170.00

METHOD USED TO ESTIMATE THE VALUE OF PROPERTY

The total estimated value of real and personal property within the areas proposed for incorporation is \$5,951,170.00. This value is based on land values separate from building values. Land values were put in three classes: inland lots, water lots, and industrial sites. Commercial land is separated from residential and some commercial lands are mixed with residential areas.

Land Category	Valuation	
Inland Lots	284.81 AC X \$ 7,000 =	\$ 1,993,670.00
Water Lots	94.3 AC X \$ 25,000 =	\$2,357,500.00
Industrial Sites	63.38AC X \$ 8,000=	\$507,040.00

Values for buildings are estimated as follows.

Residential

77 total housing units x 1000 square feet = 77,000 square feet
x \$80.00 per square foot = \$6,160,000.00

Commercial

9,959 square feet of non-lodging building at \$90.00 per square foot = \$896,310.00.
Lodge/Accommodations are estimated at 10,700 square feet at \$120.00 per square foot
= \$1,284,000.00

Total Commercial buildings is \$2,180,310.00

Total residential and commercial buildings \$8,340,310.00

Personal property consists of vehicles, boats, aircraft and equipment. Industrial sites per DNR appraisal 2002. These values are estimated as follows:

Commercial fishing boats, charter, sport fishing boats and skiffs	\$441,000.00
Vehicles (est. 133)	\$66,500.00
Equipment (construction)	\$470,000.00
Aircraft	\$180,000.00
Total	\$1,157,500.00

Section 14. VALUE OF RETAIL SALES

The annual value of retail sales of goods and services in the territory proposed for incorporation that could be subject to a sales tax levied by the prospective city is estimated to be \$300,300.00. Naukati does not have an official Post Office, as we are not a city our mail is forwarded from Ketchikan to Box N.K.I. so all of the businesses licenses we have are listed in Ketchikan. See the attached business licenses in Naukati from our updated community comprehensive plan updated in November 2003.

METHOD FOR ESTIMATING REVENUES FROM Over night Stays and Vacation Packages

There are four cabin/bunkhouse businesses in Naukati, who have been in business for over three years. These figures are only a conservative estimate on the combined income. **A:** Naukati Lodgings: Red Cedar Cabins, (1cabin rental) Naukati Cabins, (3 cabin rentals) Outback Bunkhouse, (20 room rentals) Bunkhouse will be a total package of food and lodging, and Naukati Adventures (1 cabin rental) RV park (10 spaces). The above gross estimates totals \$99,000.00 which will be subject to a 4% bed tax giving Naukati a \$3,960.00 revenue from bed tax. **B:** El Cap Lodge: Is a vacation package, they do not have overnight stays. (16 guests per trip) \$800,000.00 @ 4%= \$32,000.00 on a 5 month figure, the figures from B, were obtained from the owner of El Cap Lodge and are for the total vacation package. We feel that the figures given to us by the owner are conservative. Additionally a new lodge business will be in operation in 2004 in Naukati that will offer a total vacation packages that will also pay a 4% bed tax. We do not have figures to estimate this income, so have not included it in our petition.

Section 15. OTHER SOURCES OF REVENUES

The following additional sources of revenue are anticipated to be available to support services offered by the proposed city.

Shellfish Nursery: Expenses, power \$350.00, labor 5,000.00 seed cost \$20,000.00. Total \$25,350.00. Income: \$32,375.00. Net \$7,025.00 with a \$2,025.00 reserve fund. \$5000.00 net. These figures reflect the four summer months of operation. We used existing figures provided by other operations in Alaska. These figures represent 2.5 million spat for the first year's operation. Full capacity starting the second year will be 4 million spat with a possible net of \$10,000.00 to \$14,000.00. See # 16 under operating budget. Exhibit E.

R.V. Park: Income \$12,000.00. Expense, power \$1,500.00. Sewer & water \$600.00. Labor \$1,800.00. Maintenance \$1,000.00. Total \$4,900.00. Net \$7,100.00. This includes 8 months of prime exposure. 10 spaces @ \$20.00 per day being conservative figure half the prime months which is four and figure half the spaces could be rented. Those four months only. Five spaces @ \$600.00 per month each space = \$3,000.00 per month x 4 = \$12,000.00 per year. See # 9 under operating budget footnotes. Exhibit E. Page (17)

Community owned mobile home/community rental: This residence was for the V.P.S.O. program, which has been terminated; we now rent the unit for community income at \$200.00 per month. 1,200.00 a year.

Harbor Fees: 25 slips @ \$10.00 a slip per month = \$250.00 per month = \$3,000.00 per year. See at \$200.00 per month. See #12 under operating budget.

Land Sale: 5 lots per year with the city carrying the contract and each lot valued at \$50,000.00 (the \$20,000.00 represents the down payment and not the Monthly payments. See Exhibit E #11

Revenue Source	Amount
Forest Receipts	\$57,000.00
Bed Tax	\$35,960.00
Shellfish nursery	\$5,000.00
PILT	\$17,000.00
R.V. Park	\$7,100.00
Harbor Fee's	\$3,000.00
Land Sale's	\$20,000.00
Community Rental	\$2,400.00
Fish Tax	\$2,828.00

Section 16. OPERATING BUDGET

An operating budget projecting income and expenditures during the city's first three full years of operation is presented as **Exhibit E. Page 16**

Section 17. SERVICES AND FACILITIES

The services and facilities to be provided by the proposed city are listed below in the left hand column. The estimated dates when the city will begin providing the services and facilities are indicated in the middle column. The right-hand column lists the organization, if any, that currently provides each service or facility.

Service or Facility	Estimated Date	Service Provider
Naukati Emergency Response	July 1,2005	Volunteer Fire Department and EMS
Road Maintenance	July 1, 2005	Volunteers and Naukati West
Shellfish Nursery	July 1, 2005	Volunteers
Harbor Maintenance	July 1,2005	Volunteers
Water and Sewer	July 1,2015	N/A

Section 18. TRANSITION PLAN

Exhibit F consists of a practical plan demonstrating:

- A. The intent and capability of the proposed city to extend essential city services [as defined by 3 AAC 110.990(a)(8)] into the territory proposed for incorporation in the shortest practical time following incorporation (not to exceed two years).
- B. The manner in which the city will assume all relevant and appropriate powers, duties, rights, and functions presently exercised by any existing entity within the territory proposed for incorporation.
- C. The manner in which the city will assume and integrate all relevant and appropriate assets and liabilities of existing entities providing those services to the territory that will be assumed by the city. Such assumption and integration must occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.
- D. The manner in which all taxes will be implemented.
- E. That the plan was prepared in consultation with entities currently responsible for or otherwise providing those services to the territory that will be assumed by the city. The plan must be designed to create an orderly, efficient and economic transition to city government.

Section 19. FEDERAL VOTING RIGHTS ACT INFORMATION

Information relevant to the federal Voting Rights Act, which is applicable to any incorporation, is provided in **Exhibit G**. This information includes the following:

- 1. Purpose and effect of incorporation as it pertains to voting.
- 2. Extent to which the incorporation proposal excludes minorities while including other similarly situated persons.
- 3. Whether the electoral system of the proposed city fails fairly to reflect minority voting strength.
- 4. Participation by minorities in the development of the incorporation proposal.
- 5. Designation of Alaska Native for U.S. Department of Justice contact.
- 6. Statement concerning the minorities' understanding of English in written and spoken forms.

Section 20. BRIEF

A written statement fully explaining how the proposed incorporation satisfies the standards set out in AS 29.05.011; AS 29.05.021; 3 AAC 110.010 - .042; and 3 AAC 110.900 - 3 AAC 110.920 is included in **Exhibit H**. The brief demonstrates that the following standards are met:

- A. That the territory proposed for incorporation must encompass a bonafide community, as defined in 3 AAC 110.920, as required by 3 AAC 110.005.
- B. A reasonable need for city government exists in the community as required by AS 29.05.011(a)(5) and 3 AAC 110.010(a).
- C. Services cannot be provided by annexation to an existing city, as required by AS 29.05.021(a) and 3 AAC 110.010(b).
- D. The economy of the proposed city includes the human and financial resources necessary to provide essential city services on an efficient, cost-effective level, as required by AS 29.05.011(a)(3) and 3 AAC 110.020(a).
- E. The population of the proposed city is sufficiently large enough and stable to support the proposed city government, as required by AS 29.05.011(a)(4) and 3 AAC 110.030(a).

F. The boundaries of the proposed city include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level, as required by AS 29.05.011(a)(2) and 3 AAC 110.040(a).

G. The boundaries of the proposed city include only that territory comprising the present local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following incorporation, as required by 3 AAC 110.040(b).

H. The boundaries of the proposed city do not include entire geographical regions or large unpopulated areas, except when such boundaries are justified by the application of the city incorporation standards, as required by 3 AAC 110.040(c).

I. The boundaries do not overlap the boundaries of an existing organized borough or city. Alternatively, the brief also addresses that circumstance, as required by 3 AAC 110.040(d).

J. The proposed incorporation will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin, in accordance with 3 AAC 110.910.

K. Incorporation must be in the best interests of the state, as required by AS 29.05.100(a) and 3 AAC 110.042.

L. The proposed incorporation promotes maximum local self-government with a minimum of local government units, in accordance with Article X, § 1 of the Constitution of the State of Alaska.


Section 21. PETITION SIGNATURES

Exhibit I contains the signatures, printed name, resident address and voter identification information of no less than 25 voters in the proposed city or at least 15 percent of the number of voters who voted in the area proposed for incorporation during the last State general election, whichever is greater.

Section 22. PETITION INFORMATION & ACCURACY

An affidavit of the petitioner's representative affirming that the information in the petition is true and accurate is provided in Exhibit J. Page 34

DATED this 29 day of Dec., 2003.

By: 
Petitioner's Representative

OTHER INFORMATION NOT REQUIRED TO BE INCLUDED WITH THE FORMAL PETITION

The petitioners are asked to provide other information and materials that may be useful to the Department of Community and Economic Development in evaluating the petition for incorporation and in preparing the Department's reports. These materials include, but are not necessarily limited to:

1. Photographs of Naukati Post Office, Naukati Church, Plant Nursery, Naukati Connection store, Gas and Repair.
2. Naukati Dock, Moorage area, Naukati Road System.
3. Photographs of Naukati Volunteer Fire, #1, #2 Fire Trucks, Naukati School.
4. Photographs of Naukati Cabins, Laundromat, School and Floating Gym.
5. Maps of the territory proposed for incorporation showing private and public development, land use, etc.

Exhibit A
METES AND BOUNDS LEGAL DESCRIPTION OF BOUNDARIES
OF TERRITORY PROPOSED FOR INCORPORATION

(Use additional pages, if necessary.)

Boundary Lines In Sections:

The area proposed for incorporation as the City of Naukati, includes all lands, tidelands, and submerged lands within the following boundaries.

Beginning at the protracted NW corner of Section 24, T68S, R78E, Copper River Meridian (CRM); thence east to the protracted NE corner of Section 20 T68S R79E, CRM; thence south to the protracted SE corner of Section 32, T68S, R79E, CRM; thence east to the protracted NE corner of Section 3, T69S, R80E, CRM; thence south to the protracted SE corner of Section 27, T 69S, R80E, CRM; thence west to the protracted SW corner of Section 27, T69S, R79E, CRM; thence northerly to the protracted NW corner of Section 24, T68S, R78E, CRM, the point of beginning, all in the First Judicial District, State of Alaska.

Note: Description based on 1949 (revised 1993) Craig D4, 1:63,360
U.S.G.S. topographic map.

MAP OF TERRITORY PROPOSED FOR INCORPORATION AND OTHER DOCUMENTS
A MAP SHOWING THE TERRITORY PROPOSED FOR INCORPORATION, ALONG
WITH PLATS AND OTHER DOCUMENTS NECESSARY TO DEMONSTRATE THE
ACCURACY OF THE WRITTEN LEGAL DESCRIPTION OF THE TERRITORY
PROPOSED FOR INCORPORATION ARE PRESENTED AS Exhibit B.

Exhibit C

**Documentation of the NUMBER OF VOTERS IN TERRITORY
PROPOSED FOR INCORPORATION**

A letter from the State Division of Elections or other documentation indicating the number of registered voters living in the area is attached.

Date: September 9, 2003

To: Ron Brown

Phone: 907 629-4233

From: Pam Crowe, Election Supervisor

Subject: Naukati Incorporation Petition

This email is in response to your request for information regarding the number of people who are registered to vote in the Naukati area and voted in the November 5, 2002 General Election. Of the 149 voters who are registered within this area, 38 cast ballots in this election.

If I can be of further assistance, please do not hesitate to call me.

Pam Crowe

EXHIBIT D

INFORMATION RELATING TO PUBLIC NOTICE MEDIA

The following is a list of the principal media serving the area within the proposed city:

NEWSPAPER(S)

Name: Island News
Address: P.O. Box 19430
Thorne Bay, AK 99919
Telephone #: 907 828-3377
Fax #: 907 828-3315

Name: Ketchikan Daily News
Address: 501 Dock Street
Ketchikan, AK 99901
Telephone # 907 225-3157

PUBLIC RADIO STATION(S)

Name: KRBD FM Radio
Address: 123 Stedman Street
Ketchikan, AK 99801
Telephone # 907 586 1670

PLACES DESIGNATED FOR POSTING OF NOTICES RELATING TO INCORPORATION

The following three or more public and prominent places *within the territory proposed for incorporation* are designated for posting of notices concerning this incorporation proposal.

Naukati Connection Store and Post Office
Naukati Church
Naukati Cabins Laundromat
Naukati School

MUNICIPALITIES ADJACENT TO THE TERRITORY PROPOSED FOR INCORPORATION

The following is a list of cities and organized boroughs whose boundaries extend within 20 miles of the boundaries of the proposed city. City of Coffman Cove, Coffman Cove is within 20 miles of Naukati as the crow fly's, by road it is over 40 miles away.

CONCERNING WHERE THE PETITION MATERIALS WILL BE AVAILABLE FOR PUBLIC REVIEW

The petitioners will comply with 3 AAC 110.460(b) by providing a full set of petition documents for public review at the location(s) listed below which are open to the public on the dates and times listed below.

Naukati Store & Post Office	Monday through Saturday 8:00am to 7:00pm Sunday 10:am to 6:00pm
Naukati Church	Sunday 1:00pm to 5:00pm
Naukati Cabins Laundromat	Monday – Sunday 6:00am to 11:00pm
Naukati School	Monday through Friday 8:00am to 3:30pm

PARTIES THAT THE PETITIONER BELIEVES SHOULD BE PROVIDED INDIVIDUAL NOTICE OF THE FILING OF THE INCORPORATION PETITION.

The following is a list of names and addresses of parties whose potential interest in the incorporation proceedings may warrant individual notice.

<u>Sarkar Subdivision</u>	<u>Naukati East</u>	<u>Naukati West</u>
Mr & Mrs Nehring 5253 Dromedary Rd Phoenix, AZ 85001	Naukati East Homeowners Association N.K.I. Box 2 Naukati, AK 99950	Mr & Mrs Shepard N.K.I. Box 425 Naukati, AK 99950
Mr & Mrs Donnelly 4230 Chaparral Rd Santa Rosa, CA 95409	Tom Bouy N.K.I. Box 2 Naukati, AK 99950	Mr & Mrs Mailing N.K.I. Box 423 Naukati, AK 99950
Mr & Mrs Bauer P.O. Box 486 Carlsborg, WA 98324	Adam Baskett N.K.I. Box 411 Naukati, AK 99950	Mr & Mrs Bowe N.K.I. Box 362 Naukati, AK 99950
Ruth Ann Albright P.O. Box 645 Craig, AK 99921	Jerry Hermanson N.K.I. Box 411 Naukati, AK 99950	Leo Mollier N.K.I. Box 411 Naukati, AK 99950
EL Cap Lodge % Scott VanValin 73-1201 Ahikawa Street Kailua-Kona, Hawaii 96740	Larry Wilkinson P.O. Box 19192 Thorne Bay, AK 99919	
Richard Summers General Delivery Craig, AK 99920	Mr & Mrs Mosenthin General Delivery Coffman Cove, AK 99918	
Van Verver % Boyer Alaska Barge Lines Craig, Alaska 99921		

OPERATING BUDGET - Exhibit E

Projections of city income and expenditures during the city's first three full years of operation are included in this exhibit.

		Year 1	Year 2	Year 3
EXPENSES	City Clerk (1)	\$13,000.00	\$13,000.00	\$26,000.00
	Insurance (2)	\$10,000.00	\$10,000.00	\$10,000.00
	Elections costs	\$1,000.00	\$1,000.00	\$1,000.00
	Naukati Emergency Response	\$5,000.00	\$5,000.00	\$5,000.00
	Road Maintenance (3)	\$35,000.00	\$35,000.00	\$35,000.00
	Planning (retainer fees (4)	\$16,000.00	\$16,000.00	
	Contractual (4)	\$7,500.00	\$7,500.00	\$7,500.00
	Land Surveying (4)	\$6,000.00	\$6,000.00	\$6,000.00
	Office Expenses	\$6,000.00	\$6,000.00	\$6,000.00
	Harbor Maintenance	\$7,000.00	\$7,000.00	\$7,000.00
	R.V. Park (5)	\$4,900.00	\$4,900.00	\$4,900.00
	Shellfish Nursery (16)	\$25,350.00	\$25,350.00	\$25,350.00
	Travel	\$6,000.00	\$6,000.00	\$6,000.00
	CPA fees (6)	\$4,000.00	\$1,500.00	\$1,500.00
	Vehicle Maintenance (7)	\$7,000.00	\$7,000.00	\$7,000.00
	Municipal Reserve	\$7,000.00	\$7,000.00	\$7,000.00

Total Expenses \$160,750.00 \$158,250.00 \$155,250.00

INCOME	Organizational grant		\$50,000.00	\$25,00.00
	Forest Receipts	\$57,000.00	\$57,000.00	\$57,000.00
	PILT	\$17,000.00	\$17,000.00	\$17,000.00
	4% bed tax (8)	\$35,960.00	\$35,960.00	\$35,960.00
	Shellfish Nursery	\$32,375.00	\$32,375.00	\$32,375.00
	R.V. Park (9)	\$12,000.00	\$13,000.00	\$14,000.00
	Harbor fees (10)	\$3,000.00	\$3,000.00	\$3,000.00
	Land Sale (11)			\$20,000.00
	Mobil Home (12)	\$2,400.00	\$2,400.00	\$2,500.00
	Fish tax	\$2,828.00	\$2,828.00	\$2,828.00
	Donations, Naukati Functions	\$2,950.00	\$2,950.00	\$2,950.00
	C.P.M.G (13)	\$13,158.00	\$13,158.00	
	S.E.R.E.M.S.(14)	\$1,166.00	\$1,166.00	\$1,166.00
	Forestry Grant (15)	\$1,250.00	\$1,250.00	\$1,250.00

Total \$181,087.00 \$232,087.00 \$215,029.00

Surplus	Shellfish Nursery Reserve Fund	\$2,025.00	\$2,025.00	\$2,025.00
	Harbor Reserve Fund	\$3,000.00	\$3,000.00	\$3,000.00
	Municipal Reserve Fund	\$15,312.00	\$68,812.00	\$54,754.00

1 This is a half time positions. Third year will be a full time position. This will be a ½ time contractual position.

2 Insurance for all buildings, dock, and all Naukati vehicles. Based on a quote from AML.

3 Paid for from Forest receipt funds. We plan to maintain all 16.0 miles of public roads that are not State maintained. (as funds allow.) City owned grader.

4 Fees to be paid for surveying, engineers etc. for planning & improvements. Some grants require projects to be plan ready

5 These figures reflect part time positions and other expenses.

6 First year expense includes audit to change from NCA to City of Naukati. Each proceeding year includes an amount for a certified financial statement, which will be done every year. Includes yearly income tax preparation.

7 (2) Fire Trucks, (1) Ambulance, (1) Road Grader.

8 Actual bed tax will be 4% pending voter approval.

9 Revenue from municipally run RV Park @ 10 spaces, 50% occupancy of summer months.

10 Revenue from community moorage @ 25 boats x \$10.00 a month.

11 Land sales, 5 lots per year with the city carrying the contract and each lot valued at \$50,000.00. The \$20,000.00 represents the down payment and not the Monthly payments.

12 City owned rental unit.

13 Grant to upgrade and maintained roads. 04 CPMG grant of \$25,000.00 + \$1,316.00 our matching. Total of \$26,316.00 to be used over a two year period. \$13,158.00 per year.

14 EMS grant from the State.

15 D.N.R. grant for the Fire Department

16 These figures reflect a part time position during summer growing season, purchase of spat, and miscellaneous operating expensed, electric, power etc.

Exhibit F

TRANSITION PLAN

The attached transition plan provides a detailed plan providing for the transition to city government, including tentative dates for the assumption of powers, duties, assets and liabilities.

The transition plan demonstrates:

M. The intent and capability of the proposed city to extend essential city services [as defined by 3 AAC 110.990(a)(8)] into the territory proposed for incorporation in the shortest practical time following incorporation (not to exceed two years).

N. The manner in which the city will assume all relevant and appropriate powers, duties, rights, and functions presently exercised by any existing entity within the territory proposed for incorporation.

O. The manner in which the city will assume and integrate all relevant and appropriate assets and liabilities of existing entities providing those services to the territory that will be assumed by the city. Such assumption and integration must occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.

P. The manner in which all taxes will be implemented.

Q. That the plan was prepared in consultation with entities currently responsible for or otherwise providing those services to the territory that will be assumed by the city.

The plan is designed to create an orderly, efficient and economic transition to city government.

The City of Naukati intends to assume control of the Naukati Emergency Response (NER), and all other responsibilities of the Naukati Community Association on July 1, 2005, assuming incorporation takes place by July 1, 2005. The NER has been an Ad Hoc group of volunteers, and desires to be part of the City of Naukati for insurance and grant purposes. The Naukati Emergency Response (NER) service is a non-profit organization certified by the State as a fire department and EMS, NER provides emergency, medical and fire fighting services to Naukati Community and surrounding areas as well as on Forest Service Land. NER will become a department of the City of Naukati, but will still be operated by volunteers. Members of the Naukati Emergency Response were consulted and included in developing an orderly transition plan.

The Naukati Community Association has been the de facto government for the community for almost 16 years. Over the years NCA has received Revenue Sharing, various grants and community donations and has assets of approximately \$129,200.00 It is proposed that upon favorable vote for incorporation, the community association will vote to cease operations and move all assets and liabilities to the City. Money has been budgeted to conduct a formal audit of the NCA books before transfer to the City.

Taxes will be levied and collected in accordance with city ordinances to be enacted by the City Council of Naukati. The Petitioner recognizes that it cannot bind a future city council.

Notwithstanding, the Petitioner envisions that all vendors doing business within the City of Naukati will be required to attain a vendor permit, free of charge, from the city clerk prior to doing any business. Further, the Petitioner foresees that vendors will also be required by the city to collect the appropriate tax on each service provided. Taxes will be turned over to the city treasurer quarterly with a provision for the signed sworn statement by the vendor and a provision for late or delinquent payments.

Moreover, the Petitioner envisions that all vendors will be required to retain all receipts and other records pertaining to the bed taxes collected for at least 5 years. The City of Naukati will retain the right to audit all books kept by the businesses during that 5 year time period. All information will be kept confidential by the City of Naukati and its employees.

Exhibit G

FEDERAL VOTING RIGHTS ACT INFORMATION

(Use additional pages, if necessary)

Information relevant to the federal Voting Rights Act is provided in **Exhibit G**. This includes the following:

1. Purpose and effect of incorporation as it pertains to voting.
2. Extent to which the incorporation proposal excludes minorities while including other similarly situated persons.
3. Whether the electoral system of the proposed city fails fairly to reflect minority voting strength.
4. Participation by minorities in the development of the incorporation proposal.
5. Designation of minority person for U.S. Department of Justice contact. (Include name, address and telephone number of individual)

John James
N.K.I. Box 432
101 Dungeness Drive
(Block 5 Lot 5)
Naukati, Ak 99826-0550
907-629-4222

6. Statement concerning the minorities' understanding of English in written and spoken forms.
7. Population of the territory proposed for incorporation by race.

FEDERAL VOTING RIGHTS ACT INFORMATION

1. Purpose and effect of incorporation as it pertains to voting.

We do not foresee any effect on the voting rights of minorities should the proposed territory incorporate as a second class City of Naukati.

2. Extent to which the incorporation proposal excludes minorities while including other similarly situated persons

All citizens of Naukati have been and will continue to be included in all discussions and may serve on all committees. All meeting are open and times and places posted at least one week in advance.

3. Whether the electoral system of the proposed city fails fairly to reflect minority strength.

The electoral system of the proposed city will follow all State electoral laws and will include all registered voters in the District. We do not foresee any effect on the voting rights of minorities should the proposed territory incorporate.

4. Participation by minorities in the development of the incorporation proposal.

All residents of Naukati, including minorities, have been encouraged to participate in the development of the incorporation proposal. Meeting dates and times have been posted throughout the town. Minorities have attended meetings and responded to surveys.

5. Designation of minority person for U.S. Department of Justice contact.

(Include name, address and telephone number of individual)

John James
N.K.I. Box 432
101 Dungeness Drive
(Block 5 Lot 5)
Naukati, AK. 99826-0550
907-629-4222

6. Statement concerning the minorities' understanding of English in written and spoken forms.

We are not aware of any minorities in the territory proposed for incorporation who do not speak or write English. We had no persons at any meetings who did not understand English.

7. Population of the territory proposed for incorporation by race.

117, Caucasian, 13 American Indian or Alaska native, 3 Asian, 35 all or part Alaska Native/Indian (8.2%) 2 other races. Source: 2000 U.S. Census Information, as compiled in DCRA's Naukati Community Profile.

Exhibit H

PETITIONERS' BRIEF

Attached is a written statement fully explaining how the incorporation satisfies all the standards set forth in the standards established in AS 29.05.011; AS 29.05.021; 3 AAC 110.005 - .042; and 3 AAC 110.900 - 3 AAC 110.920.

The brief addresses each of these standards in detail and explains why the proposed incorporation is good public policy. Assertions are supported with detailed facts, including census data and reports from state or federal agencies.

The brief may also address constitutional principles relating to local government in Alaska. These include Article X, Section 1 promoting maximum local self-government with a minimum of local government units.

The standards for incorporation of a second-class city in the unorganized borough consist of the following:

A. As required by 3 AAC 110.005, the territory proposed for incorporation must include a bonafide community that meets the standards in 3 AAC 110.920.

B. A reasonable need for city government exists in the community as required by AS 29.05.011(a)(5) and 3 AAC 110.010(a).

C. Services cannot be provided by annexation to an existing city as required by AS 29.05.021(a) and 3 AAC 110.010(b).

D. The economy of the proposed city includes the human and financial resources necessary to provide essential city services on an efficient, cost-effective level as required by AS 29.05.011(a)(3) and 3 AAC 110.020(a).

E. The population of the proposed city is sufficient large and stable to support the proposed city government as required by AS 29.05.011(a)(4) and 3 AAC 110.030(a).

F. The boundaries of the proposed city include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level as required by AS 29.05.011(a)(2) and 3 AAC 110.040(a).

G. The boundaries of the proposed city must include only that territory comprising the present local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following incorporation as required by 3 AAC 110.040(b).

H. The boundaries of the proposed city do not include entire geographical regions or large unpopulated areas, except when such boundaries are justified by the application of the city incorporation standards as required by 3 AAC 110.040(c).

I. The boundaries do not overlap the boundaries of an existing organized borough or city. Alternatively, the brief also addresses that circumstance as required by 3 AAC 110.040(d).

J. The proposed incorporation will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin in accordance with 3 AAC 110.910.

K. Incorporation must be in the best interests of the state, as required by AS 29.05.100(a) and 3 AAC 110.042.

L. The proposed incorporation must promote maximum local self-government with a minimum of local government units in accordance with Article X, § 1 of the Constitution of the State of Alaska.

PETITIONERS' BRIEF

A – The territory proposed for incorporation as a city includes a bonafide Community

Naukati area was first surveyed in 1904 by the U.S. Coast and Geodetic Survey and named "Naukatee Bay", a local Native name. Naukati became a logging camp in the 1960s. Naukati was established in 1988 when the State of Alaska selected land in the area for community development. In 1990 the state-selected area was offered for sale. Of the approximately 104 lots offered in Naukati, an estimated 95% had been sold. The Community Homeowners Association was formed with seven board members, and meetings were held once a month. The population of the area changed when the logging was stopped. Census population history shows 123 residents in 1980, 193 in 1990 and 135 in 2000. In 2001 the State also put up for sale Industrial lots (Commercial) with 24 lots. There are only four left. In the past five to seven years there have been several business started in the Naukati area, which bring in many visitors, that enjoy fishing, hunting, and site seeing.

B – A reasonable need for government exists in the community

Many of the residents who have relocated here recently chose Naukati for the lifestyle, the nearness to natural resources, the beauty of the area and for subsistence reasons. Cabins, Bunkhouse, fishing charters, and tours of all types were rapidly established due to the influx of tourists to the region starting in the 1990's and this growth continues. During the months of May through September, the population of Naukati increases dramatically with summertime residents returning, small businesses resuming work, and the influx of the many tourists who visit the area. Permanent residents of Naukati number approximately 135, however, the number jumps in the summer. In addition to the residents, approximately 1,000 tourists visit this small community annually. With the newly paved roads within 10 miles of Naukati it will bring many more tourists to this area of the Island, as will the new Ferry system being built in Coffman Cove that will bring tourists from the Northern parts of Southeast Alaska. This condition greatly taxes the infrastructure and the fragile services that are mostly provided by volunteers. Naukati Emergency Response, roads, and the small dock in Naukati are all pressed to the limit of their function. A small community attempting to provide all these services through volunteers, donations and small grants has led to inequitable pressure on the permanent residents and increasingly inadequate provision of services. The need for incorporation is long overdue. Naukati currently has Naukati Emergency Response (combined Fire and EMS service) for emergencies. The Naukati Emergency Response maintains its cover budget by donations, grants, and volunteers. The income from this service is inadequate to insurance and other fixed operating costs. Second Class City status would permit NER to enter an insurance pool, receive funding from the City of Naukati, and seek other grants that would permit expansion of their functions to further protect life and property in the area. Naukati presently has a small dock. There are no regulations or controls over what is presently done on the dock and there is little maintenance of the area due to lack of funds, The dock and the boat ramp are almost unusable, and desperately in need of repairs and expansion. The community at present has no formal way of planning or directing growth, or of separating various sorts of land use. There have already been problems between neighbors resulting from intermingling of residential and industrial land uses. Such conflicts will become more problematic as human activity in Naukati increases. All of the above-mentioned needs could be rectified by a government with authority over these essential facilities.

C – Services cannot be provided by annexation to an existing city

Naukati is almost alone on the North West side of Prince of Wales Island except for a small, unorganized community of residents in Point Baker which is about 50 miles away by water. Naukati is one of the only communities of any size on the Prince of Wales Island area that does not have a local government that can conduct business with other State, Federal, or City agencies. Craig and Klawock are First Class Cities, while Thorne Bay which is 50 miles away and Coffman Cove which is 40 miles away by the road system are second class cities. The other community in the area is Edna Bay 25 miles away by boat and is very small and has shown no interest in becoming a city of any kind. Naukati has been working on the second-class city status for the past year and has held many meeting to educate the community members. Naukati is ready for the stability and piece of mind that second-class city status would bring. Community members work very hard to keep every thing running, and to maintain safe and efficient life style. In addition. Naukati roads are presently being maintained privately in a haphazard, inequitably financed manner. With incorporation, these non-surfaced roads could be maintained much better with money gained through Forest Receipt monies.

D&E - The proposed city has the financial and human resources necessary to support a government and necessary services

The community of Naukati has a population of 135 persons in 67 households. The population consists of skilled and professional people sufficient to support a local government. The K-12 Southeast Island School District employs three teachers and a number of teacher aides and volunteers. There is a Post Office. Presently there are 4 cabins and bunkhouses businesses that provide a full range of accommodations and 3 freight and charter businesses that provide various tour activities. Most of these businesses operate during the summer months, May through Sept. There are 9 service oriented businesses, 3 professional services, 5 contractors, 2 retail stores, 3 construction contractors, and 3 transport businesses most of which continue activity throughout the year. There are presently four oyster farms in Naukati. The State of Alaska is offering another twenty shellfish farm sites in a disposal auction in Feb of 2004. The community of Naukati has just received a grant for a shellfish nursery, which will aid the industry and give the community some income. The oyster farms also employ ten residents nearly year around.

F & G - The boundaries of the proposed city include all land and water necessary to provide essential city services

The proposed area for incorporation is large enough to provide the full development of essential city services in an efficient and cost-effective manner. Most of the inhabited area is accessible by vehicle and will be served by the Naukati Emergency Response, and the Fire Dept. The 44.0 square miles of the Naukati Proposed City is situated in a single compact block. State, local, and subdivision roads connect most areas of the proposed city. The proposed area of incorporation is all of the State Land in and around Naukati, including waters, named and unnamed Islands.

In 1990, the State of Alaska made available for purchase 1,837 acres in what is now known as the Naukati West subdivision in a land disposal program. All of the lots have been purchased. In addition, a few of the lots were reserved for a future school site (tract A), and other community development (block4). In 1990 the State of Alaska made available 555 acres in what is now known as the Naukati East subdivision. To date, 33 lots have been developed.

Most of the lots are sold. State land around Naukati is NFGC's 234,-TA-admin. Site 20.00 acres-uplands 347, -TA-1,811.00 acres 346,-patent-Jinhi Bay-844.29 acres& 348-TA-558.00 acres and 234-TA-3,107.00 acres.

Southeast Island School District has begun the process of clearing the land to build a new school, which has already been approved. The school will be finished by November of 2005. The new school will be a boost to the community; it will cost \$4.1 million, and will bring in new families, new businesses, and new homes.

Naukati and the D.N.R. are proposing another land sale of 56 more lots by July of 2005, Naukati predicts the sale of all of these lots as soon as the bid goes out, since tourists ask weekly if there is any property for sale in the area.

The growing coastal community of Naukati is located on North Prince of Wales Island on a small peninsula consisting of approximately 4 square miles of Heceta Limestone of Devonian/Silurian age that reach up from the coast line to about 600 feet elevation. Karst features are highly evident in this area and are characterized by many solution channels and caves overlain with shallow soils and organic layers. Due to the natural ability of Karst to hold and transport water, the water table is high. Heceta Limestone is also characterized by deposits of breccia, sandstone, mudstone, and conglomerate. This area was shaped by the late quaternary glaciers with several glacial-marine deposits mantling the bedrock at the lower elevations. Vegetation of the area is dependent upon the composition of the soil and the underlying strata and by the proximity of streams and ditches. Areas that consist of lenses of clay may have a perched water table restricting the types of plant life that can exist there. In other locations where the underlying strata consist of sand or gravel; the vegetation is lush with mature stands of spruce and hemlock forests. Some of this land belongs to the State of Alaska while other areas now belong to residents who bought property in the land disposal program.

The conditions stated above present Naukati with benefits and obstacles to overcome. The lush forest in the area provides the raw materials for several small businesses with saw mills, as well as businesses that depend upon tourists who desire to hike trails and fish the area streams. Where the drainage is good, the flat land makes construction of houses easy. There are, however, shortcomings of this wet soil, Septic systems for homes in those poorly drained areas are themselves poorly drained and many times demand a raised septic tank and drain field. Poor drainage and the raised water table presents a threat to the safety of drinking water in areas with a condensed population raising the desire for sewer facilities that are not possible without an incorporated city. The road surfaces, unless paved, are constructed of the native material, mainly shot rock.

These materials do not retain a satisfactory surface for very long in this wet climate, raising the demand for better road maintenance and ditching. Many old roads are actually below the level of the surrounding landscape resulting in a submerged road in times of heavy rain. It should be clear that this landscape on which Naukati finds itself, is both a boon and a threat and a liability that demands the attention of an organized city.

H – The boundaries of the proposed city conform as required by 3AAC

110.040(c)

There are large undeveloped, unpopulated areas within the proposed city boundaries. Some of the more remote areas are poorly drained and unpopulated but within the proposed city area. The Northern most boundaries include the privately owned Sarkar subdivision. This area has several large new homes and EL Capitan Lodge. Seventy-five acres are now developed for home sites and currently being offered on the Real Estate market.

With this growth in the Sarkar subdivision Naukati feels that it is only a matter of time until Sarkar residents will want services providing quality of life and emergency response. Naukati can provide these services much more efficiently than a proposed Island Borough government located in Craig or Klawock fifty miles from the Sarkar subdivision Naukati is only three miles from the subdivision. The Sarkar subdivision residents will also have the opportunity to participate in local Naukati Government decisions with just as strong a voice as present community members in Naukati. Naukati would provide fire protection by establishing a satellite fire station with a fast response unit funded by grants. This fast response unit which Naukati already has would give immediate fire fighting capability in the subdivision and also give the Naukati fire unit critical time response extension that could save a home or lodge in the area. EMS would be provided by a well trained and equipped five person squad led by an EMT 1, Naukati EMS will receive an ambulance in 2004, and also was just awarded a \$15,000.00 grant from FEMA which includes defibrillators, additional training and updated supplies, one defibrillator would be on site in the Sarkar subdivision, Sarkar subdivision growth will most likely have residents who will become EMS qualified personal, coupled with the Naukati squad they could provide excellent emergency medical protection. Naukati would provide maintenance on the FS 20 660 road to the Sarkar subdivision, which is now maintained on a very limited schedule and funded by local residents. El Capitan lodge could provide \$32,000.00 through the 4% bed tax on the all inclusive vacation package. El Capitan Lodge provided these figures. Tourists are accustomed to tax added on their purchases and the 4% tax would not affect El Capitan's bottom line. Naukati East is on our eastern boundary and is connected to the main FS 20 road by the FS 2058 road; Naukati would also maintain the FS 2058 road and roads connecting the Naukati East subdivision. Naukati East would be provided the same emergency services as the Sarkar subdivision. The proposed western boundary includes many bays and coves with several being under lease for shellfish farming. The State of Alaska Department of Natural Resources will be conducting a disposal sale of 20 more shellfish farming sites in January 2004. Naukati has worked to expand the industry in our area. The community is currently building a shellfish nursery with grant funds from Department of Community Economic Development. The shellfish farms will provide Naukati with expanded fish tax receipts. The State land in Jinhi Bay could become remote home sites or a possible lodge operation that has been mentioned.

I – The boundaries of the proposed city do not overlap the boundaries of an existing city

The boundaries of the newly proposed city do not overlap any other local government entity. U.S. Forest Service retain approximately 2 acres of land within the Naukati boundaries No other government entities exist along any boundary of the proposed city.

J – The incorporation of the proposed city will not deny any person any rights in accordance with 3 AAC 110.910

The proposed city incorporation will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin. All residents of the proposed city speak and comprehend the English Language, the language used during all meetings. The council will be formed with an elected 7- member board. The council will be elected at large. Mayor will be elected by and from the council unless otherwise provided by ordinance. All meetings will be advertised in writing one full week in advance; all meetings will be open to the public, and on all decisions, the council members will act as representatives of the population at large.

K – Incorporation is in the best interest of the State of Alaska

The incorporation of the City of Naukati will provide an entity with whom the State government agencies may contact and with whom those agencies may enter into contractual agreements. The City of Naukati will take ownership of and provide maintenance for those facilities that support the community as rapidly as the city can assume that responsibility.

L – The proposed incorporation promotes maximum local government through the least number of government units

The proposed city will replace the Naukati Community Association to become the only governmental entity in the area. Presently, Naukati is an unincorporated community within the Unorganized Borough of Alaska.

Exhibit J

**AFFIDAVIT CONCERNING THE SOURCE AND ACCURACY OF
THE INFORMATION IN THE PETITION**

STATE OF ALASKA)

) ss. 1st JUDICIAL DISTRICT)

AFFIDAVIT OF PETITIONERS' REPRESENTATIVE

I, Art King, representative of the petitioners for
incorporation of the City of Naukati, being sworn, state the
following:

1. The description of the boundaries of the territory proposed for incorporation
presented in Exhibit A was prepared by: Ronald Brown, Art King and Claire King
2. The map depicting the boundaries of the territory proposed for incorporation
presented in Exhibit B was prepared by: Ronald Brown and Claire King
3. The estimated population of the territory proposed for incorporation presented in
section 7 of the petition was provided by: 2000 U.S. Census
4. The information provided in section 13 of the petition concerning the taxable value of
property in the area proposed for incorporation was provided by: Ronald Brown, Art King, Claire
King and Naukati Community Association.
5. The transition plan presented as Exhibit F was prepared in consultation with the
following persons on the dates listed below: Naukati Homeowners Association and Karen Peterson
Naukati Board of Directors (plus other members of the public who
participated in the meetings listed below.)

Feb 11, 2001, July 8, 2001, Oct 14, 2001, Nov 11, 2001, March 10, 2002, May 18, 2002, Sept 8,
2002, Oct 13, 2002, Nov 10, 2002, Dec 8, 2002, Jan 12, 2003, Feb 9, 2003, March 9, 2003, April
13, 2003, May 11, 2003, June 16, 2003, July 25, 2003 Aug 10, 2003, Aug 27, 2003, Sept 7, 2003,
Oct 12, 2003, Nov 9, 2003. Dec 7, 2003.

7. The information contained in the petition for incorporation is complete and factual to
the best of my knowledge.

Art King
Petitioners' Representative

SUBSCRIBED AND SWORN TO before me on December 29th, 2003

Petition for Incorporation of 2nd Class City within the Unorganized Borough

[Notary seal]

Barbara Richter

Notary Public in and for Alaska

My Commission expires: June 6, 2005

APPENDIX C

2004-2005

**Naukati Community Comprehensive
Strategic Action Plan**

**NAUKATI COMMUNITY COMPREHENSIVE
STRATEGIC ACTION PLAN**

THE GATEWAY TO SEA OTTER SOUND



FISCAL YEAR 2004/2005 COMPREHENSIVE ACTION PLAN

ACKNOWLEDGMENTS

Preparation of this project was financed in part by funds from the USDA Forest Service Economic Recovery Program.

Numerous individuals, agencies and organizations contributed their time and expertise to the development of this plan, especially the Naukati Community Action Plan Committee and entities listed below:

Naukati Community Action Plan Committee

Art King
Andy Richter
Brandy Prefontaine, Chair
Mike Bowen
Van Huffman
Mary Lou Smart
Art Brown
Larry Moody

Naukati and Other Island Residents

Karen Petersen
Larry Wilkinson
Dorothy Sheppard
Hal Sheppard
Tom Buoy
Katie Lunde
Don Bowe
Mavis Bowe
Candy Hempel
Clint Arrington
Lauren Burch
Stan McAlister
Barbara Huffman
Dave Sneed
Debra Nichols
R. Prefontaine

Agencies and Organizations

Naukati West Homeowners Association
Naukati East Homeowners Association
Southeast Conference
USDA Forest Service
Southeast Island School District
Southeast Regional Advisory Council
University of Alaska Extension Service
Alaska Department of Labor
Alaska Department of Community and
Economic Development

PURPOSE OF THIS COMPREHENSIVE ACTION PLAN

This purpose of this Action Plan is to provide guidance to local, regional, State, and federal organizations and agencies with information regarding the community of Naukati and the needs and project priorities of the community. The plan will be amended on a yearly basis to reflect what has been achieved and to identify and reprioritize those projects that are necessary but not yet accomplished. The plan revisions will further include new needs so that, over time, development of the community may occur in a logical and orderly fashion and may be supported and sustained by the community.

Review of the plan on a regularly scheduled basis will also allow evaluation of achievement of goals and objectives and provide a vehicle to adjust for changes. The evaluation will allow the community and other entities to identify shortfalls and strengths and to build on achievements that best serve the community.

This Comprehensive Action Plan is intended to be a living document that will serve as a valuable tool for the Naukati community and others to use in addressing the needs of a new Prince of Wales Island community that is in its formative stage.

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NAUKATI COMMUNITY COMPREHENSIVE STRATEGIC ACTION PLAN

Naukati Community

Description of Naukati:

The Naukati Bay area is located on the west coast of Prince of Wales Island, Alaska approximately 44 miles north of Klawock. It lies at approximate 55.88077° North Latitude, 133.195° West Longitude, in Section 18, T069S, R080E, Copper River Meridian. Naukati Bay is located in the Ketchikan Recording District. The area encompasses 4.8 square miles of land and 0.2 square miles of water. The area is dominated by a cool, maritime climate. Average temperatures in the summer range from 46 to 70 with winter temperatures ranging from 32 to 42. High temperatures in the summer can range from 70 to 88 and low winter temperatures do drop below freezing.

Transportation to and from Naukati to other island communities is generally by the island's extensive road system. Transportation to and from the island is generally by floatplane, boats, or through the Inter-Island Ferry Authority (IFA) at Hollis.

History:

Naukati is known as the gateway to Sea Otter Sound and is an ideal jump off point for kayak, canoe, and small boat exploration of Sea Otter Sound and the islands north and south of Naukati. It is accessible by road three miles from the primary north-south highway on the island. The area was first surveyed in 1904 by the U. S. Coast and Geodetic Survey and named "Naukatee Bay," a local Native name.

Naukati became a logging camp in the 1960s. In 1988 the State of Alaska selected land in the area for community development. In 1990 the state-selected area was offered for sale. Of the approximately 80 lots offered in Naukati West, an estimated 70 have been sold. In Naukati East approximately 33 lots were created and offered for sale and it is estimated that only 5 of these lots remain unsold.

Cultural and Hereditary Background:

Naukati was first known as "Naukatee Bay" and was occupied by the Tlingit people. The Native community abandoned this site in approximately 1904.

Cultural sites are concentrated around upper Naukati Bay. Evidence demonstrates that the area was intensively used in historic and prehistoric times. Other cultural sites are identified at the entrance to Little Naukati Bay. Cultural resource sites are identified in the Prince of Wales Area Plan (Revised, 1998) and described as Yatuk Creek rock shelter, two prehistoric sites, Gutchi Creek Village, Kaikli Cove Garden and Naukati Creek Village.

In the 1970s, Naukati was established as a logging camp operated by Ketchikan Pulp Company (KPC). In 1998 the KPC logging camp employed between 30 and 35 people and the camp itself was home to an estimated 106 people. During the 1980s, the USFS also occupied an administrative site in Naukati and USFS people lived in Naukati on an itinerate basis. In 1999 KPC began winding down its operations and began dismantling the logging camp. By the year 2000 the camp was closed and KPC activities in Naukati ceased. Some of the USFS administrative facilities still remain to support continuing National Forest activities in the area.

Recent History:

Today, Naukati consists of two active homeowners associations, Naukati West Homeowner Association and Naukati East Homeowner Association. Naukati is home to several private businesses and land available for residential and commercial development continues to be in demand. The community of Naukati is in the process of examining incorporating as Alaska's newest second class city and that decision making process will most likely come to the voters of Naukati in the year 2004.

Projects in Process:

Projects that are now underway for the community include development of an aquaculture industry, construction of a new school, arrival of a new ambulance, and a planned 2005 State land sale of 56 lots for commercial and residential development. In addition, in June, 2002 the Alaska Department of Environmental Conservation, Village Safe Water Program, completed a feasibility study for a community water and sewer system. The study concluded that the project would be feasible.

Pending Events:

Pending events that will have immediate impacts on the community are paving of the island's main north/south road (USFS 20 road), improvements to the access road into Naukati (USFS 2060 road), a proposed State timber sale, and two proposed USFS timber sales.

Existing Conditions**Statistical Information:**

(Unless otherwise indicated all statistical information contained in this section is from the Alaska Department of Community and Economic Development, Alaska Community Database. Statistical information referred to from the 2000 Census included the Ketchikan Pulp Company Camp and Ketchikan Pulp Company Employees. That entity no longer exists in Naukati. This circumstance has a significant impact on the Census data regarding personal and household income as employees of Ketchikan Pulp Company were higher wage earners than the general population of the community. A community census is recommended to update the 2000 Census statistics.)

The 2000 census indicates that Naukati Bay consists of 135 residents. (A topographic map of Naukati Bay is attached as Appendix A to this Plan.) Racial demographics show that 117 of the population is White, 13 are Alaska Native or American Indian, 1 Black, 3 Hawaiian Native, and 1 other race. The male population is listed at 81 and female population at 54. The median age is 36.6 years with the majority of the population between the ages of 25 through 54.

The 2000 census further shows that Naukati consists of 78 households. Of that number 60 are occupied and 18 are used on a seasonal basis. The average household size is 2.24 and the average family household size is 3.03. 42 housing structures are classified as single family housing units that are stick-built with the remainder trailers or mobile homes. The median value of owned homes is \$80,000 and the median rental paid for non-owner occupied housing is \$450 per month. The population continues in a growth pattern and two more new homes are currently under development.

According to the 2000 Census, the median household income for Naukati residents is \$27,500 per annum while the median family income is \$32,917. The percentage of persons below the poverty level is 9.5. Naukati has a potential work force of 98 persons (age 16+ to age 65). Of that number, 39 are employed, 16 are unemployed and seeking work, and 42 are adults not in the labor force and not seeking work. Percentage of unemployed Naukati residents is 60.2.

The economic and employment opportunities of Naukati include construction, federal government employment, State government employment (school employees), local service providers, and retirement. The majority of employment occupation rests in management, professional related employment as well as farming, fishing and forestry. Production transportation and material moving is a close second with the remainder of employment occupation in services, sales and office, and construction. Government employment is recorded at 11 individuals with 3 of those jobs being held by school district employees. Business licenses issued attributable to operations in Naukati Bay as of the date of this Plan are attached as Appendix B.

Naukati Bay is not included in ANCSA and is not federally recognized as a Native village. Land ownership in Naukati Bay is private, State of Alaska, and the USFS Tongass National Forest.

Community facilities in Naukati consist of the Naukati School (part of the State REAA Southeast Island School District), a picnic beach, and a community mobile home.

Public infrastructure is limited to a volunteer Emergency Medical Services/Fire Department that operates an ambulance, fire truck, and a portable fire fighting tank that is permanently mounted onto the bed of a 1-1/2 ton flatbed truck, as well as portable, submersible pumps. A health nurse provider is available on a limited basis through Alaska Public Health Services. The community also operates a small dock and owns a grader for limited road maintenance.

Law enforcement in Naukati is provided through the Alaska State Troopers and USFS law enforcement officers. At one time, Naukati did have a Village Public Safety Officer but was one of the communities that recently lost that program due to reductions in State funding for the program.

Naukati does not have a community-owned or operated piped water and sewer system. A piped water and sewer system provided potable drinking water and sewage collection disposal only for the old logging camp area, the USFS administrative sites, and the school. The remainder of the community utilizes private, individually owned and operated water and sewer systems. The majority of the systems obtains their water from rain catchment, several small streams or haul water from a central watering point. Sewage disposal is divided between outhouses, compost toilets, and on-site septic tanks with percolation beds. An engineering feasibility Study for a community water and sewer system was completed in June, 2002. The Village Safe Water study indicated that such systems should be feasible. Refuse is either burned on site or hauled to Thorne Bay Refuse Collection and Disposal Facility or the Klawock Landfill Facility. Others individually dispose of their refuse at other refuse facilities located on the island or utilize the services of a private pick-up/haul service provider. Electricity to the community is provided by Alaska Power Company. The cost of power is high at approximately 34 cents/KWH. Telephone service is provided through Alaska Telephone Company with long distance service being provided through AT&T Alascom. Naukati does not have internet service for the general public though satellite service may be obtained from long-distance providers at a high cost. The community also does not have cable television service but many residents have satellite dishes that allow television reception to a variety of channels. No bulk fuel facilities exist in Naukati; however, there is a private gas station that receives its fuel by truck from an island supplier and propane and other petroleum needs are likewise provided by private suppliers located in other areas of the island.

Community Resources:

Naukati is rich in recreational resources. As the gateway to Sea Otter Sound, Naukati provides an excellent starting place for fishing, hiking, beach combing, crabbing, shrimp harvesting, clamming, boating, and variety of other water and land related activities. The community does have an "informal" picnic beach and small tie-up dock. The size of the dock limits its use to smaller vessels and it will not accommodate a vessel much over 32 feet.

Naukati does have several private community resources to draw upon including a gas station, liquor store, two general merchandise retail stores, a small mill that may provide rough sawn personal use timber, a pet grooming facility, a plant nursery, bed and breakfast establishments, rental cabins, and a bunkhouse.

Natural resources in and around Naukati are abundant. The area is rich in sea life, edible vegetation, timber, land mammals, and water mammals. The waters of Naukati are pristine and the community is currently constructing an aquaculture venture for the commercial production of oysters, clams, and abalone.

Cultural and historical resources also exist in the Naukati area. As stated above, the Naukati area was the site of a former Tlingit village. That village relocated to the Klawock area in the early 1900. A few of the identified native cultural sites are identified on Page 1 hereof. Other sites may exist but have not yet been discovered and/or documented. Recent cultural and historical resources include items from the logging camp operations. Naukati residents have expressed a desire to preserve some of these items and have discussed the possibility of establishing a logging museum to display such items, explain the logging industry and its culture and community nature, and to educate people on that way of life.

The land status of Naukati consists of private, State, and federal lands. No native land allotments exist in Naukati and Naukati is not a part of ANILCA. In the event Naukati becomes an organized second class Alaska city, the city would be given a municipal land entitlement and municipal-owned lands (both upland and tidelands) that could, in the future, be owned by any future municipality.

Many Naukati residents depend heavily on subsistence food and resource gathering. This includes the subsistence and personal use harvesting of fish, crab, shrimp, clams, scallops, abalone, and other sea life. It also includes harvesting of deer and bear for human consumption and trapping for other fur bearing mammals for sale, trade, or personal use in clothing or decorative items. Berries, sea asparagus, seaweed, mushrooms, and other vegetation are likewise gathered for consumption. Wood products are harvested for firewood, furniture, home building, crafts, and other purposes (i.e. landscaping, erosion control, etc.).

Even though Naukati is an unorganized community, its community homeowners associations are actively involved with other local, State, federal, and regional entities. Naukati is an active member of the Prince of Wales Community Advisory Council, Prince of Wales Island Chamber of Commerce, Southeast Conference, Naukati School Advisory Council, the Prince of Wales Emergency Medical Squad, Southeast Island School District, the United States Forest Service, and many State departments and other federal departments or organizations (i.e., ADEC Village Safe Water, ADCED, Denali Commission, U. S. Army Corps of Engineers, etc.).

Community Vision, Issues, Goals and Objectives

Community Vision:

To preserve a rural lifestyle while providing resources to create a wholesome, viable community.

Issues, Goals and Objectives:

A. Preservation of Rural Lifestyle

Issue:

With the demise of the logging camp in Naukati, many believed that the community of Naukati would not survive. While there was an initial drop in population and an out-migration of people

and certain resources, Naukati did survive and is growing. The people of Naukati enjoy the rural lifestyle and all that that lifestyle usually brings. The community has a closeness to it that is enviable. The air, water, and lands are pristine in nature; most everyone knows everyone else and people assist each other on a daily basis; settlement areas are larger in nature (generally 2 or more acres to each lot) so neighborhood densities are low; and local ownership and control of personal destinies is a high priority. With growth may come a change that threatens this rural lifestyle.

Goals:

Maintain the rural lifestyle and identity of the community while creating economic and job opportunities and stability. This requires that the people of Naukati maintain control over their own destinies and that change is analyzed and decisions made that are acceptable to the populace.

Generate economic opportunities and stability through efforts, projects, and programs that are conceived, controlled, carried out, and managed by local people and local institutions.

Objectives:

Recognize that the local economy consists of far more than money and jobs.

Recognize that the local economy and rural lifestyle of Naukati includes practices of natural resource harvesting, processing, and sale of those resources to meet needs for food, clothing, housing, heating, cash, and other necessities.

Recognize that the residents hope and intend to pursue their rural lifestyle for generations yet to come.

B. Preservation of Community Historical Resources

Issue:

Naukati has a unique history that consists of prehistoric/historic native origins and a more recent history as a logging camp turned established community. As the community grows there is a threat that the "roots" of Naukati may vanish and that its past may be lost to future inhabitants and generations.

Goals:

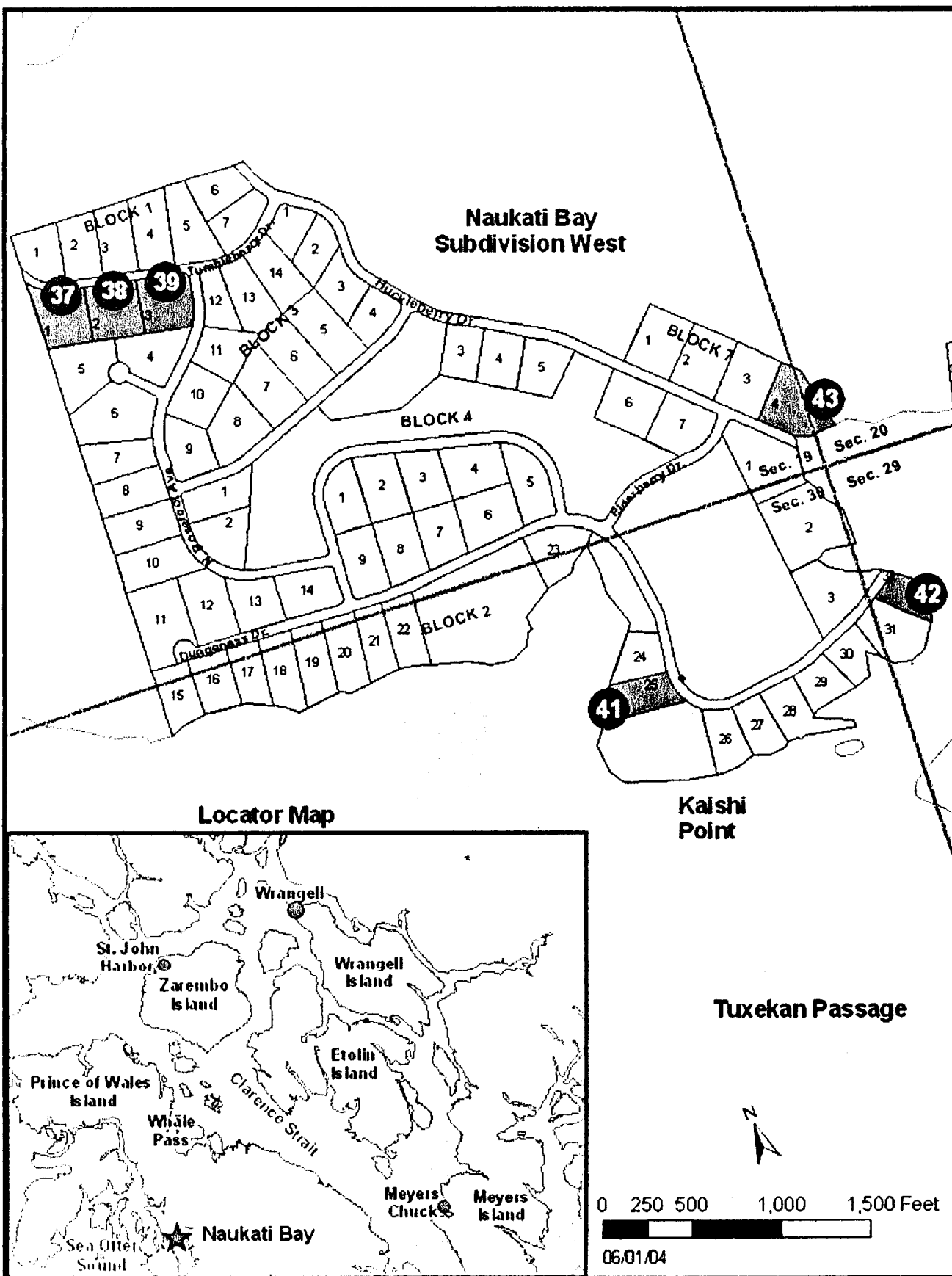
Preserve the prehistoric and historic origins of the community and the area around Naukati.

Work with local, State, and federal entities to assure that "special areas" of the community remain intact to the extent that the historical value of these areas may be identified, protected where necessary, and documented for future information and cultural teachings.

Objectives:

As further development of Naukati occurs make sure that the area is thoroughly examined so that cultural assets may be documented, preserved, and protected.

Collect, document, and make provisions for preserving and displaying items of a historical nature for the benefit of future residents and generations.



C. Subsistence/Personal Use Resource Extraction

Issue:

Naukati is the gateway to Sea Otter Sound and many outer islands west of Prince of Wales Island. It continues to garnish more and more visitors, commercial fishing activities, and charter fishing activities. The people would like to see these activities occur, however, they are concerned about over harvest of subsistence/personal use areas that are vital to the rural lifestyle of Naukati.

Goals:

Identify and reserve for local subsistence/personal use areas utilized by the community for food gathering and other subsistence purposes.

Work with State and federal agencies to assist with identification of those area and drafting of protective regulations that will preserve those areas for local users that depend upon the resources for supplementing food, building supplies, and other subsistence activities.

Work closely with commercial and charter seafood entities to identify areas that are vital to sustaining those industries without impacting, to the extent possible, areas that are important to local users.

Take an active part in the Federal Subsistence Board decision making process to assure that the concerns of Naukati are expressed and addressed in a manner that sets aside these areas for present and future generations.

Objectives:

Close specific, sensitive, and areas highly used by the community for subsistence and personal use activities to commercial use. This may also include closure to charter uses if an area is particularly sensitive and resources are depleted in a manner that does not assure long-term sustainability.

Periodically analyze sensitive areas to assure that closures remain necessary or that more areas need to be put under some type of regulatory protective action. On the other hand, also periodically analyze closed areas to assure that continued closure is necessary for sustainability of subsistence and personal use activities of the community. If not, take action to reopen those areas.

D. Economic Growth and Diversity; Local Employment Opportunities and Job Development

Issue:

The community of Naukati has few existing employment opportunities and jobs to sustain a robust economy. When employment opportunities become available in or near the community the citizens may find it difficult to secure a job and the job may be given to an "outsider." The reasons are many, however, the availability of trained and skilled workers within the community may be a contributor to reduced local employment. Retraining and skill development opportunities are virtually nonexistent in Naukati and that exacerbates the problem.

Goals:

Recognize that in order to participate in existing and future job opportunities, the citizens of Naukati may require retraining to hone their skills and ability to effectively compete for those jobs.

Recognize that the local economy relies on more than just jobs and/or employment. A balance must be struck that allows citizens to be qualified for jobs, yet allows the rural lifestyle to exist. Large industrial entities that require 200 or more employees would most likely threaten the rural nature of Naukati. Smaller industrial or commercial entities that require less than 50 employees would be more appropriate and would probably not have significant impacts on the existing rural lifestyle of the community.

Obtain a clear understanding and identification of existing and upcoming employment and/or job opportunities in advance of their offerings. This will allow local employment to become more successful through awareness and preparedness of citizens to secure the job.

Recognize that increased local employment may require different approaches so that local employment tactics comply with existing laws and regulations (i.e. local hire practices that may be subject to court challenges).

Seek to define and create business opportunities for goods and services not present in the community today. There are few goods and services and businesses to sell such goods and services in Naukati. As a result, residents take their business to Craig or other Prince of Wales Island locations to obtain what they need. While Naukati is small compared to several other Prince of Wales Island communities it is large enough to support more businesses than currently exist.

Objectives:

Examine what types of employment and job opportunities might have been available to a skilled, local, employment force. Identify what may have caused a local person not to be hired for the job. If the examination reveals that local job skills and experiences have contributed to the lack of employment of the locals, develop a plan to address deficiencies and develop a program to increase local citizen employability.

Involve the school district to assist with preparedness-type educational programs for early development of job skills.

Work with local entities, State, and federal agencies to develop local hire regulations that are allowed by law to make local hire more attractive and/or necessary for local, State, or federally assisted jobs and to provide the structure for private enterprise that encourages local hire.

Survey residents to identify what goods and services they must obtain elsewhere and develop a prioritized list of business opportunities for locals to pursue.

E. Controlled Tourism

Issue:

Tourism impacts on Naukati are now being felt by residents who believe that some of these activities threaten or interfere with the lifestyle of the community. Naukati citizens appear to want a certain amount of tourism development and the job opportunities that result from that development; however, they are concerned about impacts that may occur over time.

Goals:

Encourage a certain level of tourism activities in the community that are compatible with and do not conflict with the existing rural lifestyle of the community.

Work with local and regional organizations and State and federal agencies in a cooperative manner to assure that tourism development and activities are acceptable to the citizens of the

community and region to find ways that encourage such development in a manner that does not conflict with community goals and objectives.

Objectives:

Establish a working group charged with the responsibility of developing and reviewing guidelines, rules, and regulations that may impact local tourism activity development.

Develop a procedure for review of activities and a means to relay the working group recommendations to the appropriate party to assist with sound decision making on whether or not to accept and allow the activity to go forward.

Where possible, encourage State and federal agencies to enact rules and regulations that can be enforceable within the community to achieve the established goal.

F. Land Status and Land Use Planning

Issue:

As an unincorporated community, Naukati does not have land use planning authority nor may it adopt zoning ordinances, become a coastal district, or avail itself of other land use planning and regulatory tools that are available to incorporated communities. As a result, conflicts often arise with regard to activities that occur within close proximity of each other that are not all that compatible. This may create friction within the community that could be avoided with a method that would allow land status and land use planning decisions to have a higher level of local input.

Goals:

Identify and document who owns what to clearly identify the community's land status and determine who has operational and management control over the property.

Recognize that some current land uses may conflict with neighboring uses. To the extent possible, prevent future land uses adjacent to others that may not be compatible over time. This can be done initially by community discussions and consensus with the operational and managing parties to obtain agreement over future land disposals and allowable uses.

Recognize the importance of maintaining local records of land ownership within and around the community so that future planning efforts and proposed future uses may be adequately analyzed, addressed to the appropriate operator or manager, and appropriately acted upon.

Work towards developing a cooperative method and procedure to be utilized with land operators and managers to guide future development while giving consideration to existing uses.

Objectives:

Complete and publish an inventory of land use and ownership status for the lands within and around Naukati.

Prepare a comprehensive map that is clear and concise and able to be understood by the general public to raise awareness and clarify existing uses and ownership and/or management status of lands in and around Naukati.

Develop a means to keep this information current for future use and applicability. For instance, require that any changes in land ownership or use be filed with the Naukati West and East Homeowners Association.

Develop and adopt a method for local input into the land disposal and use process that may be used and considered by the land operators or managers to guide use, development and land disposals in the future.

G. Legitimacy of Naukati Community

Issue:

Naukati is an unincorporated community in the unorganized borough of the State of Alaska. It does have active community associations: the Naukati West Homeowners Association and the Naukati East Homeowners Association. As an "unorganized community" the ability of the Naukati community to control and guide its own destiny is limited to the good graces of other decision makers that include the State and federal government. These decisions may not always coincide with local approval or opinions. Decisions made by others may conflict with the desires of the local community members. Naukati citizens often believe they are left out of the decision making process and desire to have a more meaningful input into that process. Naukati citizens do have to opportunity to provide input into the process and should participate in the decision making process to assure that community needs are met or are approved by the community.

Goals:

Unite the decision making entities that contribute most to the existing and future conditions of Naukati. One means to do so is to seek full review, understanding, and endorsement of this plan by those entities. This includes local community member input.

Develop a means whereby cooperation between the community and entities controlling the community build Naukati rather than create conflict between the community and the entities. This must include community member input.

Demonstrate unity within the community when dealing with each other and outside entities and/or agencies.

Maintain a long term commitment to "working together" making that attitude and commitment the norm rather than the exception.

Recognize that if the community and the decision makers that have impacts on the future of the community work together, Naukati becomes a community with many strengths and abilities to guide its own future and be recognized as such at the State and federal levels.

Objectives:

Secure the assistance of an experienced facilitator to bring all pertinent parties to the table to assist with conflict resolution and begin a cooperative effort to establish a basis for teamwork.

Develop and adopt a cooperative agreement among the policy making and decision making entities within the community or having authority over events that occur within or around the community that identifies with specificity the duties, roles, and responsibilities of each and outlines a formal process to work toward unity in the policy making and/or decision making process.

Support the cooperative agreement(s) to the fullest extent to eliminate any existing and future conflicts and/or confusion. Address any implementation or logistic problems and make adjustments as quickly as possible to prevent creation of conflicts and to assure that each entity continues to meet the needs of the community as well as the other entity.

At least annually, review and update any agreement to assure that it addresses and contributes in a positive fashion to the current and foreseeable needs of the community. Adjust as deemed necessary.

H. Infrastructure Development

Issue:

Naukati is a young community that possesses few infrastructure amenities. Closure of the logging camp literally removed some vital community infrastructure. Due to the newness of the community, other infrastructure development simply has not occurred. As the community grows and the population increases, many infrastructure needs are readily identifiable. These needs include piped water and sewer service, improved roads, waterfront development for a small boat harbor, floatplane landing and take-off facilities, boat launch facilities, and other water related infrastructure necessary for community stability and growth. Naukati is currently on diesel powered electric generation and may have an opportunity to connect to the island's hydroelectric power grid. The school buildings in Naukati are less than adequate and need replacing. Naukati is virtually in the "ground up" stage of infrastructure development and the needs are tremendous to support a sustainable community. Recent progress has been made in infrastructure development for Naukati including completion of a Naukati Waterfront Master Plan (July, 1999), completion of a Coordinated Response Plan that addresses impacts associated with the closure of the logging camp (April, 2000), completion of Engineering Feasibility Study for construction, maintenance and operation of a community water and sewer system (June, 2002), and funding for a new K-12 school that is scheduled to begin construction in 2004. While planning efforts may have been completed or ongoing and funding for a new school secured, funding for other critical community infrastructure construction is another challenge.

Goals:

Continue to work with the appropriate agencies to move infrastructure development to completion.

Recognize that while there are many opportunities available in Naukati for economic diversification and employment, the infrastructure to support that development must exist in order for it to be successful.

Prioritize those infrastructure needs that most directly support the immediate needs of the community.

Develop a plan to address any deficiencies that are impeding planned developments, whether they be public, commercial, or residential.

Objectives:

Secure funding for a complete construction of the most necessary of infrastructure needs for the sustainability of the community (i.e. water/sewer system, waterfront development, etc.)

Match projects that are needed with available funding sources or priorities of assisting agencies. In other words, if one need is a priority funding target for a particular agency yet may be a second priority for the community, adjust community priorities to take advantage of funding availability for equally important infrastructure projects. In reality, many of Naukati's infrastructure needs consist of very high priority projects.

Continue to work with State and federal agencies to keep them apprised of the status of infrastructure needs in Naukati and to assure that a logical progression occurs to meet those needs.

I. Quality and Quantity of Housing and Commercial Opportunities

Issue:

Many of the housing and commercial accommodations in Naukati are substandard. That is to say that they do not meet current electrical or fire codes, and are not energy efficient. As stated above, Naukati likewise lacks the existence of basic infrastructure such as safe water and sewer systems, a means to control proper refuse disposal, and roads that are safe and accessible on a year around basis. Some Naukati residents feel that the burden to address some of these basic "necessities" are overwhelming and, in many cases, may be out of financial reach. A balance needs to be struck that puts basic infrastructure into place, provides for a means to maintain that infrastructure, and is affordable by the populace.

Goals:

Identify and secure the means to improve energy efficient, safe housing for all Naukati residents.

Assure that upgrades are affordable for Naukati residents.

Address the most serious deficiencies first - especially those that impact the largest population, and seek a way to correct the inadequacies.

Assure that project priorities are fair, supportable, and accountable to the existing conditions and that "favoritism" is avoided.

Objectives:

Empower an entity within Naukati to analyze existing housing and commercial structures to document needs.

Conduct a community analysis of those needs and prioritize correctional efforts.

Support efforts to improve existing conditions by working closely with property owners, State agencies, and federal agencies and programs that may assist with improving the local condition.

Do not interfere with local choice. In other words, do not force change or improvement, rather encourage change in situations that warrant improvement and property owners desire improvement.

Take advantage of agencies that provide assistance to homeowners and business owners to improve structures and may offer incentives to do the same. This may be particularly advantageous to the retirement population of Naukati where home improvement loans or grants are available through the Alaska Housing Authority or similar agencies.

Local Opportunities

Naukati possesses numerous opportunities available to it for achieving its goals and objectives and resolving local issues. These opportunities include development of its waterfront, tourism development, connection to the island's hydroelectric grid, preservation and development of a museum to preserve its cultural and historical heritage, and increased input into the outside decision making and policy making process to assure that local needs and concerns are addressed.

Naukati is the gateway to Sea Otter Sound and many islands west of the community. It possesses pristine air and water and vegetative resources. For Naukati to achieve its goals and objectives, high priority must be given to community and inter-agency cooperation regarding

Naukati's future direction. Those entities and the community must clearly identify who will be responsible for what, be able to agree that unnecessary disputes will not develop, and develop commitments to a process that will benefit the community as a whole. This requires that these entities be willing to put aside differences and concentrate on the long-term success and develop of the Naukati community. The local decision makers must come together and act as a unit to achieve their common goals. Outside decision makers must be willing to listen to local concerns, work with the community members to resolve those concerns, and implement policies and decisions that include local input and concerns.

To accomplish the community's goals and objections there must be in place a way for coordinated planning efforts to be developed between the controlling entities. This will be a substantial deviation from the way past community efforts have been achieved. This will mean that the residents of Naukati must be willing and able to devote the time and energy necessary to provide input and commit to work together to achieve "the community vision."

It is recommended that the community of Naukati develop and support an advisory-type group to assist outside policy and decision makers with achieving the goal of a unified voice for the people of Naukati. It must be recognized that if Naukati is united it will be a powerful force that will be acknowledged and recognized at both the State and federal levels. Naukati must continue its involvement with island organizations and regional organizations to sustain its control over its own destiny. The community must remain an active participant in local, regional, State, and federal organizations that assist the community with "getting its message out."

All of the above recommendations will take a willing commitment on the part of Naukati citizens to be active participants. It will require personal time and effort to accomplish the community's goals and objectives. If some goal or objective is not being met or addressed, it will require the tenacity of the community to assure that it is met or addressed. This will probably take a tremendous amount of time, cooperation, and willingness to participate and compromise.

Those that want to participate in this effort must somehow be empowered to do the job. This may require cooperative agreements between the Naukati East and Naukati West Homeowners Associations. Whatever the composition of an advisory group may be, it must be generally understood in the community that they are empowered to make recommendations, and within whatever process it set up, empowered to take the community in a particular direction.

Coordinated Planning Effort

The Naukati community has to its avail many regional, State, and federal entities to assist with a coordinated planning effort. These entities include but are not limited to the Alaska Departments of Natural Resources and Community and Economic Development, University of Alaska Fairbanks (Marine Advisory Program), the Oyster Growers Association, the United States Forest Service, the Denali Commission, Southeast Island School District, Southeast Regional Advisory Committee, Prince of Wales Community Advisory Committee and Chamber of Commerce, Southeast Conference, United States Army Corps of Engineers, University of Alaska Extension Service, and other nonprofit organizations and organizations that address the needs of communities such as Naukati.

Responsibilities and Accountability

Naukati West Homeowners Association and Naukati East Homeowners Association should be the lead contacts for the community. Responsibility for projects and accountability for successful completion of those projects will be diverse and based upon traditional areas of responsibility for the particular type of project. For instance, the new school in Naukati (while under the control of the State Regional Educational Attendance Area SISD) has been strongly supported by residents of the community to assure that the new facility would actually be funded and built for the benefit of the entire community. The USFS will play an important role with regard to land use and timber

harvest in and around Naukati as well as be a partner with regard to subsistence/personal use regulations and road building and/or improvement and/or road maintenance projects. The State of Alaska will likewise be involved in timber harvest management, fish and game regulations, land disposal and use regulations, and road maintenance obligations and responsibility. The Alaska Department of Environmental Conservation will most likely be partners with the community to develop appropriate water and sewer systems for the community and assist with appropriate and acceptable refuse disposal. Nonprofit or foundation organizations may very well play a role in development of health care or emergency response facilities. Most importantly, it will be up to the citizens of Naukati to assure that the needs of the community are met and that those needs are addressed as timely as possible.

Project Identification, Prioritization, Description and Supporting Information

Within this section projects are divided into broad categories with each category being broken down into priorities and phases. Due to the circumstance that many of these projects have a high construction cost, they must be phased in order to allow the project to progress in an orderly fashion with each phase being in place for the next phase to be successfully completed. This should not be interpreted as meaning that one phase has a higher need or priority than another. It simply means that one phase must be in place in order for a project to go forward.

Projects are also broken down into long term and short term projects. Long term projects or phases are those that will take more than three years to accomplish. Short term projects or phases are those that should be able to be completed in three years or less.

Projects are also identified that are not "community funded or community responsibility" projects but those that most logically would be developed by private enterprise. The projects that are most likely to be development by private enterprise are not prioritized, they are merely listed and those that are desirable to the community. Costs and further details for these projects are not contained in the Plan. The Plan merely identifies them as a need and demonstrates community support for the particular type of private development.

Project Category No. 1 - Waterfront Development:

The Waterfront Development project is broken down into phases with the highest priority phases listed in the order that is most important to the community. The "high priority" phases are essential for the Naukati community to meet its most basic needs with regard to waterfront infrastructure.

Short Term Project Priority I – Harbor Development

Naukati has completed Phase I of this project and has completed a Waterfront Development Feasibility Study. The study indicates that the waterfront development project is feasible and advises that it be phased due to the high cost of the total project. Naukati has likewise secured funding and is now constructing Phase II of this project that consists of development of a commercial oyster, clam, and abalone aquaculture facility. The next phase of the project is Phase III and consists of constructing a small boat harbor that includes the following amenities, estimated project costs, and possible partners:

<u>Amenity Description</u>	<u>Estimated Cost</u>
Site Control including Surveys	\$ 60,000.00
Final Engineering and Design and Permitting	150,000.00
Floatplane Float with Access Gangway	1,490,000.00
Boat Launch Ramp	590,000.00
Boat Parking Slips	1,215,000.00
Barge Ramp	150,000.00

Breakwater	1,000,000.00
Upland Parking for Vehicles and Boat Trailers	400,000.00
Hoist	60,000.00
Tidal Grid	85,500.00
Utilities (water and electricity)	<u>135,000.00</u>

Total Project Costs \$5,335,500.00

Possible partners for this project include the community of Naukati, USDA Forest Service, Denali Commission, Southeast Conference, Prince of Wales Community Advisory Council, United States Army Corps of Engineers, Alaska Department of Natural Resources, United States Economic Development Administration, Alaska State Department of Transportation and Public Facilities, Alaska Department of Environmental Conservation, Village Safe Water, Alaska Department of Fish and Game (federal funding through Dingle/Johnson program), and the Alaska State Legislature.

Long-Term Project Priorities –

Priority No. 1 – Fish Cleaning Stations; Estimated Costs - \$42,500.00

Priority No. 2 – Showers/Toilets (this assumes utilities are to the harbor) - \$55,000.00

Priority No. 3 – Sewer Pump-Out Station (this assumes utilities are to the harbor) - \$35,000.00

Private Waterfront Development – Not Prioritized and No Cost Estimates

Bulk Fuel Facility (preferably above-ground)

Restaurants

RV Park

Vessel Repair Facility

Vessel, RV Rental Facility

Project Category No. 2 – Tourism Development (Non-Waterfront Development):

The Tourism Development projects are not phased as most of the projects may be completed within less than 3 years and the development and construction costs are such that phasing is not called for and would actually increase overall project costs to achieve completion.

Short Term Project Priority 1 – RV Park

Naukati is the gateway to Sea Otter Sound. As such, it is the ideal location to access the Sound and Islands near the community. This project consists of constructing a RV Park to accommodate travel trailer and tent camping. The project includes a closed-system sewer dump station (septic tank) and lavatory facilities with a shower. If the community is able to arrive at an acceptable agreement with the community power supplier, the project may also include electric pedestals for trailer hook-ups. The purpose for the project is to attract visitors to the community and to create a facility that will provide those visitors with a place to stay that offers minimal amenities that many visitors to the Island desire. The project will create a reason for visitors to travel to Naukati, not only for the community's natural attractions, but also as a place to go to enjoy surrounding areas. A further purpose is to create a revenue generating operation for the community. Direct revenue would be generated through user fees and indirect revenues would include dollars spent by visitors to the community for food and other supplies and tourism additions such as boat rentals, guide services, etc.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Site Control including Surveys	\$ 7,500.00
Engineering, Design, and Permitting	12,000.00

Site Preparation	15,000.00
Sewer, Lavatory, Shower Facilities	17,000.00
Power Pedestals	<u>4,000.00</u>
Total Project Costs	\$55,500.00

Likely partners for this project include the Alaska Department of Natural Resources, USDA Forest Service, Alaska Department of Environmental Conservation, Alaska Department of Community and Economic Development, Naukati citizens and businesses, Alaska State Legislature, and Alaska Power Company. As demonstrated above, this project includes both public and private participation.

Short Term Project Priority 2 – Visitor Center with Logging Museum

The creation of Naukati has its basis in the logging operations that occurred on Prince of Wales Island. In addition, Naukati also has a Tlingit cultural history that the community desires to memorialize. This project consists of constructing a basic visitor center and logging museum to preserve, display, and explain the historical and cultural background of the community. The short term project consists of a simple kiosk-type structure that would provide visitors with information regarding the community, services offered, history and cultural background of the community, and display items of a cultural and historical nature for viewing and educational purposes. The purpose of the project is to preserve and pass on to others information about Naukati's past and provide the public with information about existing points of interest and services available in present-day Naukati.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Site Control including Surveys	\$ 3,500.00
Site Preparation	5,000.00
Prefabricated Kiosk w/Display Cases	18,000.00
Display Acquisition, Write-Ups, Presentation, & Printing	<u>12,500.00</u>
Total Project Costs	\$39,000.00

Public and private partners are likely candidates for this project. Possible partners for this project include Louisiana Pacific (the "mother" company of Ketchikan Pulp Company and owner of many of the logging artifacts), private citizens who have collected artifacts, Alaska Department of Natural Resources, Tlingit and Haida Central Council, Sealaska Corporation, and the USDA Forest Service.

Short Term Project Priority 3 – Community Park

Naukati's location lends itself to development of a community park that would include trails, tent camping, picnicking, biking, and development of a launch point for kayaking or rafting. This project envisions development of a community park on Loon Lake. The project would create another reason for tourists to come to Naukati and it will also provide a park for use by local citizens, as well as other residents of the Island. Naukati does not have a community park and this project will fill this void and meet the need for the opportunity for all to enjoy outdoor experiences in a pristine environment. Development is intended to be minimal to retain the natural setting and experience yet allow for more accessible use by a larger group of citizens, especially those that may be challenged and unable to reach other pristine areas.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Site Control including Surveys	\$ 7,500.00
Site Preparation	5,000.00

Trail and Tent Site Construction with Primitive Launch Ramp	10,000.00
Pole-type Structure to Protect from Elements	5,000.00
Equipment Purchase (Tables, BBQ, Fire Pit, etc.)	3,000.00
Directional Signs and Use Rules & Regulations Sign	<u>1,000.00</u>

Total Project Costs \$31,500.00

Partners for this project include both private and public participation. Partners that could assist with this project include the Alaska Mental Health Trust, Alaska Department of Natural Resources, USDA Forest Service, US Land and Water Conservation Program, Naukati citizens and businesses, private donations of equipment and labor.

Long-Term Project Priorities –

Priority No. 1 – Multi-Recreation Park, Estimated Costs - \$250,000.00

Priority No. 2 – Piped Water and Sewer Services to RV Park - \$20,000.00 (this assumes the community water and sewer system is in place and that the RV Park may be connected to that system).

Private Tourism Development – Not Prioritized and No Cost Estimates

Motel/Lodge

Restaurant

Guide Services

Tourism Add-ons (rentals – cars, boats, ATV, etc.)

Land Based Motor Sports

Project Category No. 3 – Natural Resource Development/Processing:

The majority of the Natural Resource Development/Processing projects are projects that are more appropriately implemented by private parties. The public portions of the projects are designed to support the private sector to create stable conditions in which they may successfully operate and share and support the costs of the operation and expense of the public portions of the project. The public portion of the projects will be supported by fees that cover the expenses of their operations and maintenance. The private portions of these projects generate income that revolves throughout the community by creating jobs and attendant income and allows for the long term operation of the private enterprise.

Short Term Project Priority 1 – Oyster/Abalone Nursery

The oyster nursery portion of this project is funded, being constructed, and well on its way to completion. The nursery will provide the spat for private cultivation, nurturing, and sale of oysters from Naukati. The project is in its beginning stages and has not yet added abalone to the nursery cultivation but it is planned to add this product to its inventory.

Long Term Project Priority 1 – Shellfish Processing, Cold Storage/Buying Station

This project includes construction of a shellfish processing building equipped with cleaning tables, cold storage and a buying station. This project is phased to accommodate orderly development and assure that each segment of the project is in place so that the next phase may begin. The purpose of this project is to provide the infrastructure necessary to development a shellfish industry opportunity in Naukati. The facility will be operated by a private entity with the facility being leased to the operator. The project will provide local jobs and create a new commercial operation for the community.

Phase I –

<u>Amenity Description</u>	<u>Estimated Cost</u>
Feasibility and Marketing Study	<u>\$ 25,000.00</u>
Subtotal Phase I	\$ 25,000.00

Phase II –

Site Identification, Survey, and Acquisition	\$ 35,000.00
Preliminary Engineering and Design	40,000.00
Permitting	10,000.00
Final Engineering and Design	25,000.00
Completion of Construction Documents	<u>15,000.00</u>
Subtotal Phase II	\$125,000.00
Total Phase I and Phase II Costs	\$150,000.00

Phase III –

Phase III will be constructing and equipping the facility. Costs estimates will not be available until completion of Phases I and II of the project.

Possible partners for this project include the Alaska Department of Natural Resources, Alaska Department of Fish and Game, Alaska Department of Community and Economic Development, US Economic Development Administration, USDA Rural Development, and private enterprise.

Long Term Project Priority 2 – State Certified Clam Beaches

Naukati's beaches are rich in clam resources. People often collect clams for subsistence and personal use taking the risk of PSP. Identification of safe clamming beaches would reduce this risk and allow the general public to have a place to engage in this subsistence and personal use activity with a level of safety that does not now exist.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Research, Analysis and Certification of Collection Sites	<u>\$50,000.00</u>
Total Project Costs	\$50,000.00

Partners in this project include the Alaska Department of Fish and Game, USDA Forest Service, and the community of Naukati.

Long Term Project Priority 3 – Shellfish Hatchery

In addition to the community's oyster nursery project that is currently under construction, Naukati desires to examine the possibility of developing a shellfish hatchery. The project will be phased with the first phase consisting of a feasibility/marketing study. Future phases of the project will be identified by the study. If the study demonstrates that the project is not feasible, the project will not go forward.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Feasibility/Marketing Study	<u>\$40,000.00</u>

Total Project Cost

\$40,000.00

Possible partners for this project include Alaska Department of Community and Economic Development, USDA Rural Development, Alaska State Legislature, and the community of Naukati.

Private Natural Resource Development/Processing – Not Prioritized and No Cost Estimates

Wood Products Secondary Manufacturing (house logs, sawmill, furniture, dry kiln/planer facility, shake/shingle mill, second growth uses, alder use)

Forest Products Nursery (native and non-native plant production and marketing)

Floral Industry (wreaths, dried flowers, etc.)

Fishing Industry (Mari culture)

Diving Air and Equipment Facility

Shellfish Processing (a possible public/private endeavor)

Cold Storage/Buying Station (a possible public/private project)

Project Category No. 4 – Government/Community Services

Government/Community Services projects include both public and private infrastructure development that will provide the Naukati community with fundamental, essential, and necessary services to sustain the community over time and provide an acceptable quality of living conditions for Naukati citizens.

Short Term Project Priority I – New School

The new school construction project is now fully funded. The new school will be a K-12 educational facility. Construction is scheduled to begin in 2004. This project has been a long-time number one priority for the community and has the full support of the citizens of Naukati.

Short Term Project Priority II – Piped Water/Sewer Systems Including Road Reconstruction

This project is a phased project. Phase I, the Feasibility Study Phase of the project has been completed. Phase II of the project is obtaining site control and completing engineering and design, as well as any required permitting. Phase III of the project consists of construction. The project will provide the community with safe drinking water and sewage disposal. As the new piped systems are being installed, roads will also be reconstructed so that they accommodate the new systems and provide required separation of water and sewer and allows installation of any necessary lift stations, manholes, and cleanouts.

Budget information and cost estimates for the Village Safe Water system options are attached as Appendix C. This information will be more clearly defined in the next phase of the project.

In addition, Naukati is seeking other solutions and has initiated a Water and Sewer Community Care Program. The purpose of the program is to seek alternative, interim solutions with the objective of providing affordable certified water and sewer systems by either grant applications or residential and commercial low interest loans.

Partners for this project include Alaska Department of Environmental Conservation, Village Safe Water Division, USDA Forest Service, USDA Rural Development, U. S. Army Corps of Engineers, U. S. Department of Defense IRT/National Guard, Denali Commission, Tlingit-Haida Housing Authority, Ward Creek Industrial, R & M Engineering, Templin Surveying, Alaska Small Business Association, Wells Fargo, First Bank, Tongass Credit Union, and the community of Naukati.

Short Term Project Priority III – Multipurpose Community Building

This project consists of construction of a multipurpose community building. The building will house a community office, an Emergency Medical Squad and Fire Department Training area that may be used by the public health nurse, and enclosed heated parking and storage area for Emergency Medical and Fire Department supplies and equipment. The homeowners associations now operate out of private housing. Records are stored in several locations and association officers and directors have no one place to conduct community business and centralize community business operations. Emergency medical and fire equipment is parked outside or in inadequately heated areas in the community. This equipment is often exposed to the elements and not able to be secured to assure the equipment is also in proper working order. The community has no training area for its volunteer emergency medical or fire department personnel. The public health nurse has no designated place in which to provide public health services for the community. Usually, the school facilities have been used to assist with accommodating these services, but those facilities are not always available when needed and are inadequate for providing an appropriate level of service for the community. None of the community's emergency medical, fire department, or community business operational materials and supplies has a secure, heated, adequately equipped area for the conduct of functions providing of services. This circumstance leaves the community vulnerable and virtually unable to respond to more severe emergencies. The purpose of this project is to provide a facility to correct existing deficiencies. This facility is not a "flowers or fluff" facility, but a basic structure that will at least serve the immediate needs of the community.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Site Control including Surveys	\$ 3,500.00
Site Preparation	5,000.00
Prefabricated Metal Building w/Office, Parking, Training Areas, and Storage Facilities	90,500.00
Equipment for Office and Storage	<u>4,500.00</u>
Total Project Costs	\$103,500.00

Possible partners for this project include the Denali Commission, SEARHC, USDA Rural Development, Alaska Department of Natural Resources, Alaska Department of Health and Social Services, Alaska State Legislature, and the community of Naukati.

Short Term Project Priority 4 – Equipment Purchase

The community of Naukati lacks equipment to maintain roads, service water and/or sewer lines, or perform any basic site or construction projects that must utilize backhoes, loaders, and other types of heavy equipment. The purpose of this project is to acquire needed heavy equipment that will enable the community to maintain its infrastructure.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Used Grader	\$ 30,000.00
Used Roller	25,000.00
Used Dump Truck (ADOT/PF Surplus)	5,000.00
Used Ambulance	7,500.00
Used Loader	20,000.00
Used Backhoe	20,000.00
Used Fire Truck	<u>10,000.00</u>
Total Project Costs	\$117,500.00

Short Term Project Priority 5 – Solid Waste Disposal Options

Naukati citizens believe that solid waste disposal is becoming a problem for the community. While many citizens burn their own waste and a private company hauls some waste to the Thorne Bay Regional Facility, others sometimes improperly dump trash on log landings, road ends, and other unacceptable areas. The community desires to examine options that will encourage proper solid waste disposal that may be used by its citizens. At this time, this project consists of examining options so that an acceptable, enforceable, solution to solid waste disposal may be adopted by the community.

<u>Amenity Description</u>	<u>Estimated Cost</u>
Solid Waste Option Study with Recommendations	<u>\$20,000.00</u>
Total Project Cost	\$20,000.00

Private Government/Community Services – Not prioritized and No Cost Estimates

Prince of Wales Island Power Grid Connection
Community Power Upgrades

Fiscal Year 2004/2005 Plan of Action

1. Identify partners and begin completion of number one priorities within the plan.
2. Track the progress of all projects and keep a record of next steps, stumbling blocks, proposed solutions, and identify partners that can assist with completing undone work.
3. Report project status to appropriate parties and partners.
4. Recommend changes in the plan of action as may become necessary.

Schedule of Plan Review

This action plan shall be reviewed on an annual basis and updated as necessary. The first review will occur in June, 2004. The Action Team will meet and review status of projects and make adjustments as necessary. All changes will be reported to the appropriate parties.

Action Team Signature Page


Art King


Brandy Prefontaine

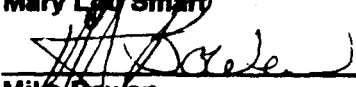

Larry Moody


Art Brown


Andy Richter


Van Huffman


Mary Lou Smart


Mike Bowen

SUPPORTING RESOLUTIONS

NAUKATI WEST HOMEOWNERS ASSOCIATION, INC.

RESOLUTION NO. 03-04

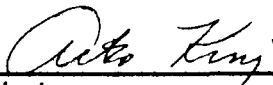
A RESOLUTION ADOPTING THE FISCAL YEAR 2004/2005 NAUKATI COMMUNITY STRATEGIC ACTION PLAN AND SUPPORTING IMPLEMENTATION OF THE PLAN.

WHEREAS, the Board of Directors and members of the Naukati West Homeowners Association, Inc., have received and reviewed the Naukati Community Strategic Action Plan; and

WHEREAS, this organization believes it to be in the best interest of this entity and the region to approve and adopt this plan so that its implementation may be achieved by the most appropriate entity in the community and/or State, Federal or Regional Agency qualified to implement the plan and achieve its goals and objectives;

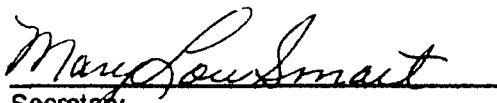
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Naukati West Homeowners Association, Inc. hereby adopts and supports implementation of the Naukati Community Strategic Action Plan.

ADOPTED AND APPROVED by the Naukati West Homeowners Association, Inc. Board of Directors by a duly constituted quorum on this 13 day of December, 2003.



President

ATTEST:



Secretary

SOUTHEAST ISLAND SCHOOL DISTRICT

RESOLUTION NO. 11.25.03

A RESOLUTION OF THE SOUTHEAST ISLAND SCHOOL DISTRICT BOARD IN SUPPORT OF THE NAUKATI COMMUNITY STRATEGIC ACTION PLAN.

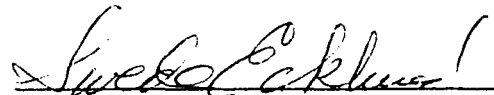
WHEREAS, the School Board for the Southeast Island School District has received and reviewed the Preliminary Draft of the Naukati Community Strategic Action Plan and the Goals and Objectives and Project Identification and Priorities contained in the Plan; and

WHEREAS, the Naukati Community's number one priority for community development is completion of a new school in Naukati that will be part of the Southeast Island School District; and

WHEREAS, the School Board conceptually concurs with the contents of the Plan and desires to express its support of this planning effort and the Plan;

NOW, THEREFORE, BE IT RESOLVED that the School Board for the Southeast Island School District hereby issues its support of the Naukati Community Strategic Action Plan.

Passed and approved this 25th day of November, 2003.


School Board President

ATTEST:


School Board Secretary

APPENDIX A

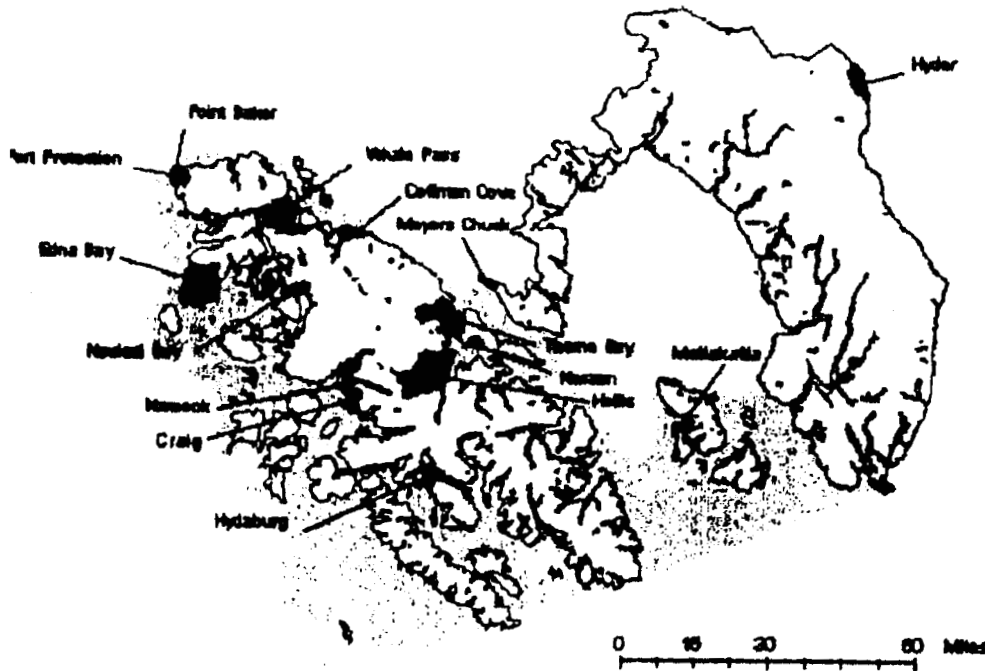


Prince of Wales-Outer Ketchikan Census Area

Choose a Place

Borough/Census
Go |

● Profile Prince of Ketchikan



Source: Alaska Department of Labor and Workforce Development, Research and Analysis and US Census Bureau, 2000 Pipeline Rec.

APPENDIX B

2003 Total Business Licences for Naukati 99950									
	ALASKAN DREAMS								
279183	FISHING CAMP	RIK	HUFSTADER	PO BOX NKI 16	NAUKATI, AK 99950	71	7140	9-Dec-03	31-Dec-04 12/31/2004
709961	CLAIRE'S FLYS	MICHAEL	BOWEN	NKI PO BOX 428	NAUKATI, AK 99950	42	4219	9-Dec-03	31-Dec-03 12/31/2003
294144	FISHERMAN'S COVE								
	FISH CAMP	GREGORY	RICHTER	PO BOX 17	NAUKATI, AK 99950	72	7212	9-Dec-03	31-Dec-04 12/31/2004
	FISHERMAN'S COVE								
294144	FISH CAMP	CARIN	RICHTER	PO BOX 17	NAUKATI, AK 99950	72	7212	9-Dec-03	31-Dec-04 12/31/2004
279094	MARY KAY	CARIN	RICHTER	PO BOX NKI #17	NAUKATI, AK 99950	42	4543	9-Dec-03	31-Dec-02 12/31/2002
710957	NAUKATI CABINS	ARTHUR	KING	N.K.I. BOX 431	NAUKATI, AK 99950	72	7211	9-Dec-03	31-Dec-04 12/31/2004
710957	NAUKATI CABINS	CLAIRE	KING	N.K.I. BOX 431	NAUKATI, AK 99950	72	7211	9-Dec-03	31-Dec-04 12/31/2004
201870	NAUKATI CONNECTION	BARBARA	RICHTER	PO BOX NKI #430	NAUKATI, AK 99950	42	4224	9-Dec-03	31-Dec-04 12/31/2004
53058	SEA OTTER SOUND								
	FISH CAMP	ALLEN	RICHTER	BOX 9832	NAUKATI, AK 99950	81		9-Dec-03	31-Dec-99 12/31/1999
248462	WILSON EXCAVATING	LLOYD	WILSO	PO BOX NKI #392	NAUKATI, AK 99950	23		9-Dec-03	31-Dec-98 12/31/1998

2003 Total Business Licences for Naukati 99950									
	ALASKAN DREAMS								
279183	FISHING CAMP	RIK	HUFSTADER	PO BOX NKI 16	NAUKATI, AK 99950	71	7140	9-Dec-03	31-Dec-04 12/31/2004
709961	CLAIRE'S FLYTS	MICHAEL	BOWEN	NKI PO BOX 428	NAUKATI, AK 99950	42	4219	9-Dec-03	31-Dec-03 12/31/2003
294144	FISHERMAN'S COVE								
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294144	FISH CAMP	CARIN	RICHTER	PO BOX 17	NAUKATI, AK 99950	72	7212	9-Dec-03	31-Dec-04 12/31/2004
279094	MARY KAY	CARIN	RICHTER	PO BOX NKI #17	NAUKATI, AK 99950	42	4543	9-Dec-03	31-Dec-02 12/31/2002
710957	NAUKATI CABINS	ARTHUR	KING	N.K.I. BOX 431	NAUKATI, AK 99950	72	7211	9-Dec-03	31-Dec-04 12/31/2004
710957	NAUKATI CABINS	CLAIRE	KING	N.K.I. BOX 431	NAUKATI, AK 99950	72	7211	9-Dec-03	31-Dec-04 12/31/2004
201870	NAUKATI CONNECTION	BARBARA	RICHTER	PO BOX NKI #430	NAUKATI, AK 99950	42	4224	9-Dec-03	31-Dec-04 12/31/2004
53058	SEA OTTER SOUND								
	FISH CAMP	ALLEN	RICHTER	BOX 9832	NAUKATI, AK 99950	81		9-Dec-03	31-Dec-99 12/31/1999
248462	WILSON EXCAVATING	LLOYD	WILSO	PO BOX NKI #392	NAUKATI, AK 99950	23		9-Dec-03	31-Dec-98 12/31/1998

2003 Curro	Business Licences for (Naukati) Ketchikan 99950									
712859	ALASKA GARDEN & SUPPLY	GLENN	KELLER	SALE	P.O. BOX 77 WWP	KETCHIKAN, AK 99950				
279077	ALASKA SEA OTTER SOUND LODGE LLC		ALASKA SEA OTTER SOUND LODGE LLC		NIKI 446	KETCHIKAN, AK 99950	http://www.alaskas.esottersoundlodge.	11	1114	9-Dec-03 31-Dec-04 12/31/2004
188881	BEAR VALLEY LODGE	GLENN	KELLER	SALE	PO BOX 77 WWP	KETCHIKAN, AK 99950		72	7211	9-Dec-03 31-Dec-04 12/31/2004
188881	BEAR VALLEY LODGE	KAY	KELLER		PO BOX 77 WWP	KETCHIKAN, AK 99950		72	7211	9-Dec-03 31-Dec-04 12/31/2004
188881	BEAR VALLEY LODGE	KARON	KELLER		PO BOX 77 WWP	KETCHIKAN, AK 99950		72	7211	9-Dec-03 31-Dec-04 12/31/2004
188881	BEAR VALLEY LODGE	HARRY	KELLER		PO BOX 77 WWP	KETCHIKAN, AK 99950		72	7211	9-Dec-03 31-Dec-04 12/31/2004
280981	ENCHANTINGLY ALASKAN	BRANDY	SCHMITZ-PREFONTAINE		PO BOX NIKI #367	KETCHIKAN, AK 99950		11	1132	9-Dec-03 31-Dec-04 12/31/2004
280992	ENCHANTINGLY ALASKAN	BRANDY	SCHMITZ-PREFONTAINE		PO BOX NIKI #367	KETCHIKAN, AK 99950		54	5418	9-Dec-03 31-Dec-04 12/31/2004
288898	FERN RIDGE ENTERPRISES	RODNEY DELANE	HOWARD		PO BOX NIKI #400	KETCHIKAN, AK 99950		31	3212	9-Dec-03 31-Dec-03 12/31/2003
275501	KAHLI COVE SHELLFISH LLC		KAHLI COVE SHELLFISH LLC		BOX NIKI NO. 357	KETCHIKAN, AK 99950		11	1125	9-Dec-03 31-Dec-03 12/31/2003
263822	NAUKATI ADVENTURES	JOSEPH	CARL		PO BOX NIKI	KETCHIKAN, AK 99950		31	3386	9-Dec-03 31-Dec-04 12/31/2004
263822	NAUKATI ADVENTURES	DEBRA	CARL		PO BOX NIKI	KETCHIKAN, AK 99950		31	3388	9-Dec-03 31-Dec-04 12/31/2004
284661	NAUKATI OUTBACK	ROBERT	PREFONTAINE		PO BOX NIKI	KETCHIKAN, AK 99950		72	7222	9-Dec-03 31-Dec-04 12/31/2004
706427	SEA OTTER TRAVEL	MURTIE	COMER		NIKI 446	KETCHIKAN, AK 99950	http://www.alaskas.esottersoundlodge.	54	5418	9-Dec-03 31-Dec-03 12/31/2003
110758	TEMPLIN LAND SURVEYING	CRAIG	TEMPLIN		PO BOX WWP	KETCHIKAN, AK 99950		54	541370	9-Dec-03 31-Dec-05 12/31/2005
130687	TRUCO (TIMBER RESOURCE AND UTILIZATION)	THOMAS	BUOY		PO BOX NIKI	KETCHIKAN, AK 99950		11	1133	9-Dec-03 31-Dec-03 12/31/2003
294476	WILD BILL'S TRADING POST	VANETTE	MUSSER		NIKI BOX 15	KETCHIKAN, AK 99950		42	4529	9-Dec-03 31-Dec-04 12/31/2004

APPENDIX C

Appendix B

Financial assumptions used to generate Pro-Forma Financial Statements

The following assumptions were made regarding the revenue stream for the utility:

- There will be 50 households that are willing to have year-round service.
- All rates will be 'flat-fee.'
- Collection rate is 90%.
- The normal household rate for water and sewer service will be \$90 per month.
- Commercial establishments will pay a rate of \$120 per month (when open).
- There will be no monthly fees on lots without homes.
- The school will operate 9 months per year and will pay \$500 per month for water and sewer service.

Expenses for chemicals, water testing and testing supplies are estimated based on operations of a similar nature in other communities.

Power usage is estimated based on information from the manufacturer and the 2001 rate quoted by AP&T.

Labor is estimated to include both operating requirements and normal maintenance.

All other expenses are 'best guess' estimates.

Appendix 8 **Pro Forma Operating Surplus/Loss** **Statement**

Revenues		
Residential Service	\$ 48,600.00	
Businesses*	\$ 4,800.00	
School	\$ 4,500.00	
Total Revenues	\$ 57,900.00	
Expenses		
Labor		\$ 28,367.20
Operator (4 hr/da @ \$16/hr)	\$ 16,640.00	
Clerk (3 hr/da @ \$10/hr)	\$ 7,800.00	
Payroll Taxes	\$ 3,177.20	
Worker's Comp	\$ 750.00	
Materials		\$ 4,000.00
Chemicals	\$ 2,500.00	
Water Testing	\$ 1,000.00	
Water Testing Supplies	\$ 250.00	
Operation Supplies	\$ 250.00	
Equipment		\$ 900.00
Small Tools	\$ 500.00	
Water Dept. Equip.	\$ 200.00	
Sewer Dept. Equip	\$ 200.00	
Utilities		\$ 8,600.00
Electricity - Water from Lake	\$ 2,100.00	
Electricity - Lift Stations	\$ 2,500.00	
Electricity - WTP	\$ 2,000.00	
Electricity - WWTP	\$ 2,000.00	
Maintenance		\$ 750.00
Replacement parts	\$ 750.00	
Office Expenses		\$ 6,775.00
Water rights fee	\$ 50.00	
Office Supplies	\$ 150.00	
Office Equipment	\$ 100.00	
Consumer Confidence Report	\$ 100.00	
Postage	\$ 300.00	
Bank Charges	\$ 25.00	
Telephone	\$ 300.00	
Property Insurance	\$ 2,000.00	
Liability Insurance	\$ 750.00	
Professional Fees	\$ 1,000.00	
Travel and Training	\$ 2,000.00	
Total Expenses		\$ 49,392.20
Surplus (Loss)		\$ 8,507.80

*Businesses included in this estimate include stores, nursery operations, campgrounds, manufacturing operations, contractors.

Appendix 6 Capital Cost Estimate

Item	Units	Cost/Unit	Life (yrs)	Total cost
Water line from Loon Lake				
5 HP Pump	1	\$ 5,000.00	10	\$ 5,000.00
HDPE Water line, ft.	8,978	\$ 100.00	40	\$ 897,800.00
Intake Structure	1	\$ 15,000.00	40	\$ 15,000.00
Power transmission line	8,978	\$ 13.40	-	\$ 120,278.40
Total Intake line cost				\$ 1,037,878.40
Water Treatment Plant				
Building, sq. ft.	2,500	\$ 200.00	40	\$ 500,000.00
Water Treatment Equipment	1	\$ 400,000.00	20	\$ 400,000.00
Site preparation	1	\$ 100,000.00	-	\$ 100,000.00
Total Water Treatment				\$ 1,000,000.00
Water Storage Tank				
Site Preparation	1	\$ 50,000.00	-	\$ 50,000.00
200,000 gal. Tank, erected	1	\$ 300,000.00	40	\$ 300,000.00
Access road, ft.	810	\$ 150.00	-	\$ 121,500.00
Total Water Storage				\$ 471,500.00
Water Distribution System				
Main community	18,427	\$ 125.00	40	\$ 2,428,375.00
Old School	700	\$ 50.00	5	\$ 35,000.00
Total Water Distribution				\$ 2,463,375.00
Sewage Collection System				
Gravity Mains, ft.	13,361	\$ 100.00	40	\$ 1,336,100.00
Force Mains, ft.	4,678	\$ 125.00	40	\$ 584,750.00
Lift Stations	5	\$ 150,000.00	40	\$ 750,000.00
E-1 Units	30	\$ 15,000.00	20	\$ 450,000.00
Total Sewage Collection				\$ 3,120,850.00
Sewage Treatment Plant				
Building, sq. ft.	3,150	\$ 200.00	40	\$ 630,000.00
Sewage Treatment Equip	1	\$ 800,000.00	20	\$ 800,000.00
Ocean Outfall	1	\$ 150,000.00	40	\$ 150,000.00
Site Preparation	1	\$ 100,000.00	-	\$ 100,000.00
Road into Facility, ft.	600	\$ 150.00	-	\$ 90,000.00
Total Sewage Treatment				\$ 1,670,000.00
Sludge Monofill				
Road into facility, ft.	4,000	\$ 150.00	-	\$ 600,000.00
Site development	1	\$ 50,000.00	-	\$ 50,000.00
Engineering & Permitting	1	\$ 75,000.00	20	\$ 75,000.00
Construction	1	\$ 250,000.00	20	\$ 250,000.00
Total Sludge Monofill				\$ 975,000.00
Block 8 Options				
Water Distribution	3,600	\$ 75.00	20	\$ 270,000.00
E-1 Units	10	\$ 15,000.00	20	\$ 150,000.00
Force Main, ft.	3,616	\$ 50.00	20	\$ 180,800.00
Total Block 8				\$ 540,800.00
Waterfront Area Options				
Water Service	4,797	\$ 125.00	40	\$ 599,625.00
Sewer Service	3,000	\$ 125.00	40	\$ 375,000.00
Lift Station	1	\$ 150,000.00	40	\$ 150,000.00
Total Waterfront Area				\$ 1,124,625.00
Engineering Design				\$ 1,500,000.00
Basic Water & Wastewater System Cost				\$ 12,138,803.40
Block 8 Option				\$ 540,800.00
Waterfront Option				\$ 1,124,625.00

NAUKATI WEST



APPENDIX I

**Road Upgrades from Coffman Cove
To North End of Prince of Wales Island**

NAUKATI ROAD PRINCE OF WALES ISLAND, AK

SUMMARY

Naukati Road, FH 2060, is located on northern Prince of Wales Island approximately 69 miles northwest of Ketchikan. Naukati Road is the only surface connection between the community of Naukati and the rest of Prince of Wales Island. This project proposes to upgrade the existing gravel-surfaced single lane road to an asphalt-surfaced two-lane facility. The project includes changes to the roadway alignment to reduce or eliminate hazardous curves and to smooth abrupt vertical changes. The project also includes upgrades to the Naukati waterfront with the addition of a parking lot, a shore access trestle, mooring floats, and a launch ramp. Upgrades would improve 2.6 miles of road from the intersection with FH 43 (North Prince of Wales Road) to the Naukati waterfront.

The estimated cost for planning, design, construction, and overhead for the Naukati Road project is \$11,000,000; this figure includes waterfront development. The project is included in the Forest Highway Program. Intermodal funding is needed for harbor improvements. The project is listed as a priority by the Southeast Alaska Community Economic Revitalization Team and is part of the regional Community Economic Development Strategy; the upgraded road is a critical component of the Naukati West Incorporated Community Action Plan.

BENEFITS

Resource Development: An improved connection from Naukati to the island road system is important for resource and economic development in the area. Naukati is the access point for resource development activities in Sea Otter Sound, which includes resources on Tuxekan, Marble, Orr, Kosciusko, and Heceta islands. The Ten Year Timber Sale Plan identifies 111 MMBF of potential timber harvest within the area, including timber on adjacent islands that use Naukati as an access point for log transfer. The developing aquaculture industry in Sea Otter Sound would use the route for supplies and shipment of oysters, mussels, and clams to market. The island communities of Edna Bay and New Tokeen rely on Naukati for freight and access to Ketchikan via the IFA terminal at Hollis. Construction would enhance transportation between the Naukati area and the planned IFA service to Wrangell and Mitkof Islands via the new ferry terminal in Coffman Cove.

Tourism, Communities, and Transportation: Naukati is also the access point for trips to the Maurelle Islands and Warren Island wilderness areas, and for trips by boat to Klawock and El Capitan. Upgrades to Naukati Road and the waterfront would improve access for visitors to Sea Otter Sound and the National Forest to engage in whale watching, sea kayaking, fishing, hunting, hiking, bicycling, and other outdoor activities. The existing gravel boat launch has limited access at low tide and is hazardous for boats over eighteen feet in length; the upgrades to the waterfront facility would improve access to recreational fishing, sightseeing, and boating activities. Naukati Road and the associated waterfront improvements are an important link for Naukati and the adjacent islands and communities to the main road system on Prince of Wales Island and ferry access to Ketchikan, Mitkof Island, and Wrangell Island.

COFFMAN COVE ROAD, PHASE 2

SUMMARY

This project is located on northern Prince of Wales Island about 61 miles northwest of Ketchikan. The planned upgrades to Coffman Cove Road, FH 44, begin at the junction with FH 43 and end at the City of Coffman Cove's planned ferry terminal. The proposed changes will upgrade Coffman Cove Road from Hatchery Y to the ferry terminal. The road would be reconstructed from a single-lane, gravel roadway to a two-lane, asphalt-paved facility in two stages. The existing road makes travel slow and hazardous due to one-lane construction and a gravel surface that requires frequent maintenance. The existing road is inadequate for the projected increase in local traffic and the additional traffic that will access the proposed ferry terminal. This project is part of a planned transportation system that includes ferry terminals at Coffman Cove, Wrangell, and South Mitkof Island and paving upgrades to South Mitkof Road.

The estimated cost for Coffman Cove Road from Hatchery Y to the ferry terminal is \$29,500,000. This figure includes planning, design, and construction costs. This project has the support of the City of Coffman Cove; the city has entered into a partnership agreement with the federal government. The environmental analysis for this project has been completed. The project could be funded as a Forest Highway or a Public Forest Service Road.

BENEFITS

Resource Development: The upgraded road will allow better access to forest resources. The Ten-Year Timber Sale Plan identifies approximately 35 MMBF available for harvest along the Coffman Cove Road corridor; a log transfer facility is located in Coffman Cove. There has also been renewed interest in mineral extraction in the Calder area to the northwest. The project will also improve transport of locally produced oysters and fish to markets.

Tourism, Communities, and Transportation: FH 44 will provide better access to the IFA terminal in Coffman Cove and to the many recreational opportunities in the immediate area and on the rest of the island including El Capitan Cave, Sweetwater Lake, Logjam Creek, Hatchery Creek, and the popular Hatchery Creek Canoe Route.

The road is important for travel from Coffman Cove to Wrangell and Petersburg and to other communities on the island such as Craig, Klawock, and Hollis. The project would provide better access to timber harvest activities and produce jobs with one of the community's largest employers, the timber industry. The increased tourist traffic would benefit service enterprises such as hotels, gas stations, and restaurants.

The Coffman Cove Road project would benefit the local and regional transportation systems by reducing maintenance costs and by providing a safer, more efficient link between adjacent communities.

WHALE PASS ROAD PRINCE OF WALES ISLAND, AK

SUMMARY

Whale Pass Road, FH 45, is located on northern Prince of Wales Island approximately 76 miles northwest of Ketchikan. The project would upgrade 10.7 miles of existing road from the junction with North Prince of Wales Road, FH 43, to the community of Whale Pass. The current facility is a one-lane gravel road. The gravel surface contains many ruts and potholes and the current alignment has many tight turns and steep grades; travel can be slow and hazardous and frequent maintenance is required. The proposed Whale Pass project upgrades the route to a full two-lane asphalt-paved road. Road alignment would be changed to reduce or eliminate tight curves and improve locations with inadequate sight distance.

The estimated cost including planning, design, construction, and overhead for the improvements to Whale Pass Road is \$18,000,000. The project could be funded as a Public Forest Service Road.

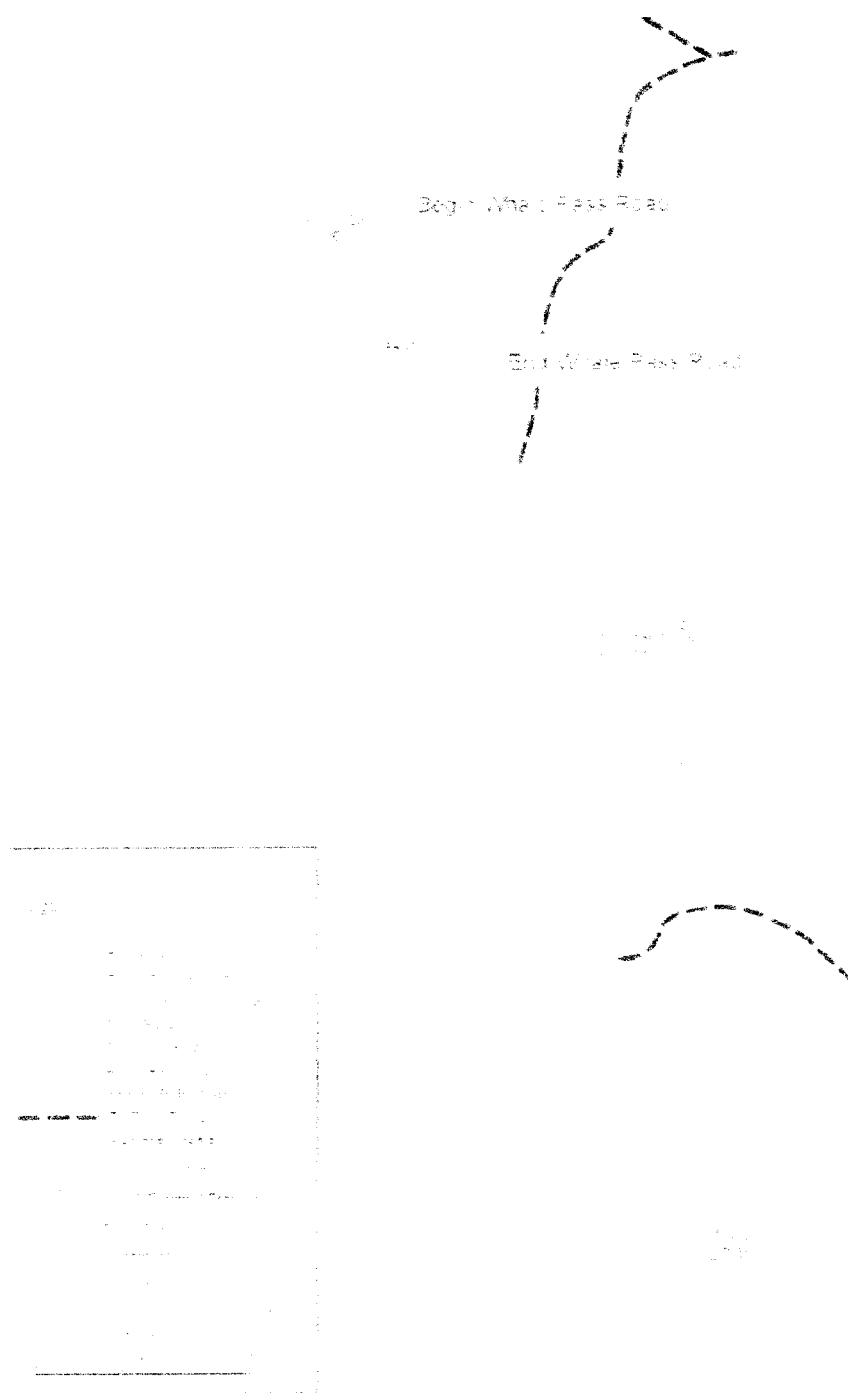
BENEFITS

Resource Development: Construction of the Whale Pass Road project would improve access and transportation for resource development activities. The Ten Year Timber Plan locates approximately 14 MMBF of timber available for harvest in the area of Whale Pass Road. Construction of the project would reduce travel times, increase equipment and worker efficiency, reduce vehicle wear, and improve safety for all users. The Southern Southeast Regional Aquaculture Association (SSRAA) has worked to establish runs of silver and sockeye salmon into nearby Neck Lake. As the fishery grows, Whale Pass Road would function as an important link to outside markets.

Tourism, Communities, and Transportation: The number of tourists visiting Whale Pass is expected to increase with the construction of the Coffman Cove IFA terminal. A number of outstanding tourist attractions are located in the Whale Pass area, including the newly established and growing coho and sockeye salmon runs into Neck Lake, and the cave formations associated with Cavern Lake. The upgrades to Whale Pass Road would improve access to the Cavern Lake Interpretive Trail and provide an opportunity to develop the Sinkhole Lake Interpretive Trail and Day Use Area. The Sinkhole Lake Trail would allow visitor access to Sinkhole Lake, Starlight Cave, and Thunder Falls; all of these areas are a unique part of Alaska and Prince of Wales Island, and the cave resources of this area are of worldwide interest.

Residents of Whale Pass would have increased access to the island road system and ferry terminals. The upgraded road would allow less travel time and greater safety for commuting students and residents. Access to medical services would be improved. The asphalt-surfaced roadway would reduce roadway dust and silt infiltration into adjacent streams. Construction would provide a source of employment, and development opportunities fostered by the upgraded facility, would benefit local business. The road would provide a link for those using the seaplane base in Whale Pass.

Figure 12: WHALE PASS ROAD



NORTH PRINCE OF WALES/ EL CAPITAN ROAD PRINCE OF WALES ISLAND

SUMMARY

FH 43, also known as North Prince of Wales Road, is located on northern Prince of Wales Island approximately 76 miles northwest of Ketchikan. The project begins at the junction with Coffman Cove Road (FH 44) and proceeds 36.8 miles north to end at the El Capitan Cave parking area. The existing roadway is one lane with gravel surfacing; there are many locations with steep grades, severe curves, and inadequate sight distance at curves and intersecting roads. The project proposes to make FH 43 two lanes with asphalt pavement; safety improvements would include guardrail and realignments to allow adequate sight distance. The alignment would be changed to ease curves, improve grades, and to provide adequate sight distance.

The estimated cost for this project is \$74,000,000; this estimate includes costs associated with completing the NEPA process. The work to comply with NEPA requirements has begun and an Environmental Assessment has been written. Construction may begin as early as 2004. The project could be funded as a Public Forest Service Road.

BENEFITS

Benefits to Resource Development: The construction of FH 43 would improve access to resource development activities on northern Prince of Wales Island. The Ten Year Timber Sale Program has identified 59 MMBF of timber available for potential harvest along this route. There is interest in mineral extraction in the Calder area northwest of this project. Many commercial vehicles are expected to use FH 43, along with increased local and recreational traffic. Construction of this facility would provide a safer roadway for the many types of vehicles that would be using this route.

Benefits to Tourism, Communities, and Transportation: FH 43 is the only land access to northern Prince of Wales Island and the community of Whale Pass. An increase in tourist traffic is expected when the IFA terminal is constructed in Coffman Cove. This project would greatly improve access to the outstanding recreational opportunities on the northern portion of the island. El Capitan Cave and the associated sinkholes and cave systems have become known worldwide for their unique and extensive features. The Sarkar Lake Canoe Route is accessed from FH 43. There are popular fishing areas at Sarkar Creek, Twin Island Lake, and many other locations; there are new and growing runs of silver and sockeye salmon into Neck Lake established by the Southern Southeast Regional Aquaculture Association. There are also many areas along the route used for other outdoor activities such as hiking, bear viewing, and hunting. The construction of this project would serve the needs of the growing tourism demands in this area. Residents of the northern portion of the island would have improved access to shopping, medical services, employment, and transportation in Klawock and Ketchikan via road and ferry routes. Travel times would be reduced. Maintenance costs would be decreased with the construction of an asphalt-surfaced road and snow removal would be more effective.

Figure 8 NORTH- PRINCE OF WALES EL CAPITAN ROAD

APPENDIX J

Unorganized Borough Review Update



State of Alaska Local Boundary Commission

550 West Seventh Avenue, Suite 1770 • Anchorage, AK 99501
Telephone: 907-269-4560 • Fax: 907-269-4539

November 12, 2002

Dear Reader:

The 2002 Legislature directed the Local Boundary Commission to identify areas of the unorganized borough that meet the standards for borough incorporation. The Legislature further directed the Commission to report its findings by February 19, 2003.

An overview of the project is provided on the back of this letter. Included in the overview is a reference to the Local Boundary Commission's website where additional information is available about the matter.

Comments concerning the review are welcome. Individuals and organizations may contact the Commission at the address, fax, or telephone number listed in the letterhead or by e-mail at: LBC@dced.state.ak.us

Cordially,

A handwritten signature in black ink, appearing to read "Kevin Waring".

Kevin Waring
Chair

Members: Kevin Waring, Chair; Ardith Lynch, Vice-Chair and Fourth Judicial District Appointee;
Myma Gardner, First Judicial District; Bob Harcharek, Second Judicial District; Allan Tesche, Third Judicial District



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UNORGANIZED BOROUGH REVIEW UPDATE

December 11, 2002

The 2002 Legislature unanimously passed SB 359; Governor Knowles signed it into law as Chapter 53, SLA 2002. The law took effect September 17, 2002. Section 3 of the law provides that:

Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:

NEW BOROUGH INCORPORATION. The Local Boundary Commission shall review conditions in the unorganized borough. By the 30th day of the First Regular Session of the Twenty-Third Alaska State Legislature, the commission shall report to the legislature the areas it has identified that meet the standards for incorporation. No portion of the report under this section constitutes a Local Boundary Commission proposal for purposes of art. X, sec. 12, Constitution of the State of Alaska.

Under the project work plan adopted by the Local Boundary Commission (LBC) on October 22, the LBC made a preliminary determination on December 9 as to which areas in Alaska's unorganized borough may have the financial capacity to operate borough governments. The following eight areas were so identified and will be studied further to determine whether they meet all standards for borough incorporation:

- Prince William Sound Model Borough
- Aleutians West Model Borough/Aleutians-Military Model Borough (combined)
- Wrangell-Petersburg Model Borough
- Upper Tanana Model Borough
- Glacier Bay Model Borough
- Copper River Basin Model Borough
- Prince of Wales Model Borough
- Chatham Model Borough

A map of those eight areas, other information about the unorganized borough review, and the opportunity for a free subscription service for future LBC notices and project updates are available on the LBC project website at

<http://www.dced.state.ak.us/cbd/lbc/boroughstudy.htm>

A transcript of that portion of the Commission's December 9 meeting regarding the unorganized borough review will be posted to the website listed above on or about December 19.

Members: Kevin Waring, Chair, Myrna Gardner, First Judicial District;
Robert Harcharek, Second Judicial District; Allan Tesche, Third Judicial District;
Ardith Lynch, Vice-Chair, Fourth Judicial District

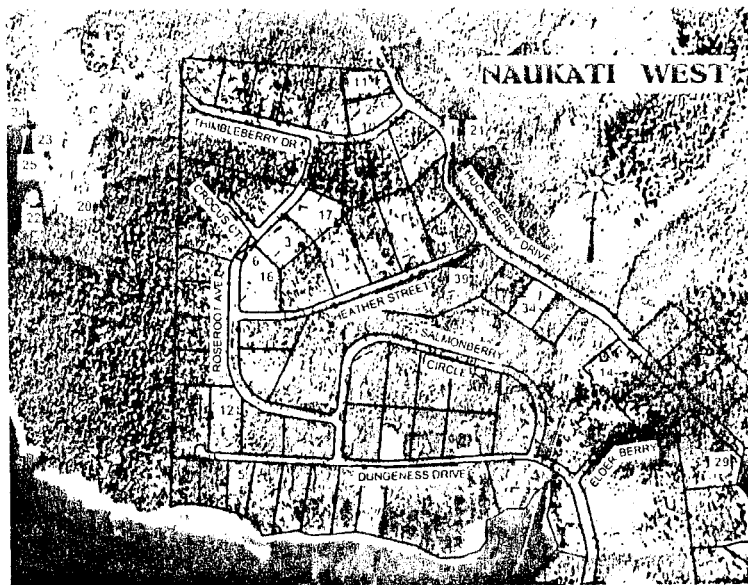
APPENDIX K

**Naukati Homeowners Association
Parks and Recreation Plan
Spring-Summer 2004
June Second Draft**

Naukati Homeowners Association
Parks and Recreation Plan
Spring-Summer 2004
JUNE SECOND DRAFT

The Naukati Homeowners Association requested that I develop this parks and recreation priority list in response to the State of Alaska DNR division or parks and outdoor recreation request. I utilized the discussion from the Forest Service Special Meeting at which Robert Weatherall and the ????? Contractors from 2002(?) as well as our meetings this winter as we developed our NKI Homeowners Strategic and Comprehensive Action Plan and Community Economic Development Plan this spring. Elaine Price, the City of Coffman Cove's May and I discussed the Coffman Cove Parks and Recreation plan and she allowed me use of their plan. While we are not as established as Coffman Cove, we would also like to include projects that will enhance the quality of life for our residents and visitors. This plan recommends establishing and upgrading: the waterfront areas, family recreation and exercise areas, as well as sites used for relaxation and providing a pleasing and esthetical surrounding to our rugged little blossoming community. This plan will be used to acquire funding for projects by identifying needs and proposing priorities for the community.

The area addressed in this plan includes the proposed area delineated in the 2004 Second Class City Petition that will be voted on this fall as well as overlap some of the areas that Coffman Cove has already addressed in their plan and include all of Sea Otter Sound and the 20 road from the Coffman Cove FH 44 junction up to El Cap, including the 3 miles of the 2060 road into Naukati, the 2058 and 2054 roads for accessing Staney Creek Drainages. The watersheds included are the Naukati Creek Drainage, the Gutchi Creek editing Drainage, Staney Drainages, Sarkar Lake Drainage....

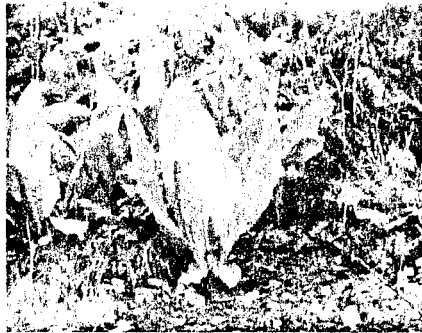


Yearly Recreational Activities supported by the community in the past include:

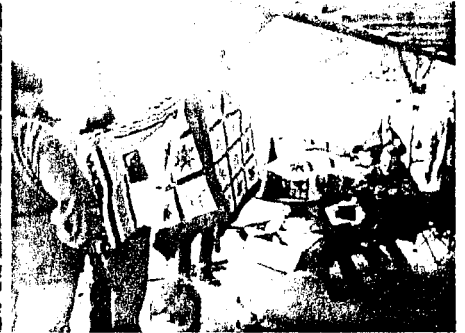
- Annual 4th of July Mud bog and Skunk Cabbage Festival and barbeque at the Community Beach including horseshoe tournaments, axe throwing competition, chicken poop board.
- Valentines Day Brunch
- Saint Patrick's Day Dance at school with live music provided by community members
- Halloween Haunted House with School
- Christmas Santa for kids
- Easter Egg hunt
- Volley ball pick-up games
- Bingo
- Multitudes of EMS and FIRE and Community Fundraisers with Raffles, Bake Sales, and silent auctions, ect...
- Aquaculture Tour of the Spat Nursery and Farms



Naukati Mud Bog



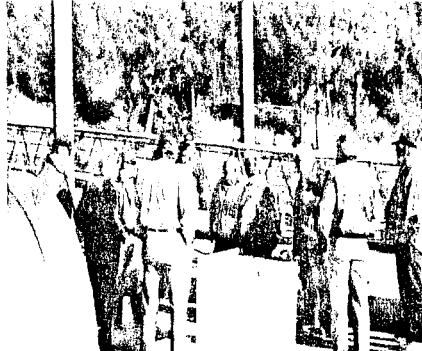
Skunk Cabbage



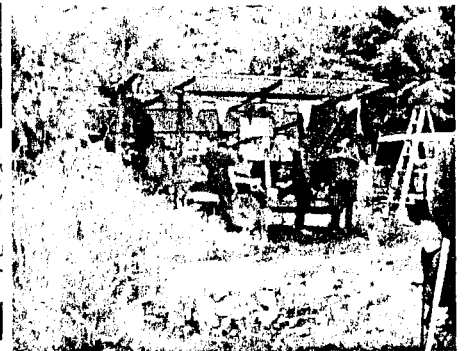
Naukati 4th of July Auction



Christmas 2002



Naukati Shellfish Nursery



EMS Fund Raiser

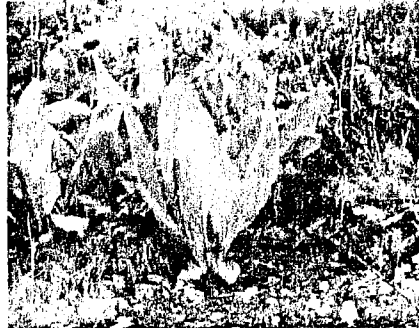
Comments:

Yearly Recreational Activities supported by the community in the past include:

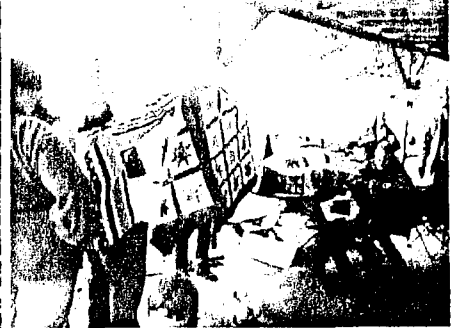
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Naukati Mud Bog



Skunk Cabbage



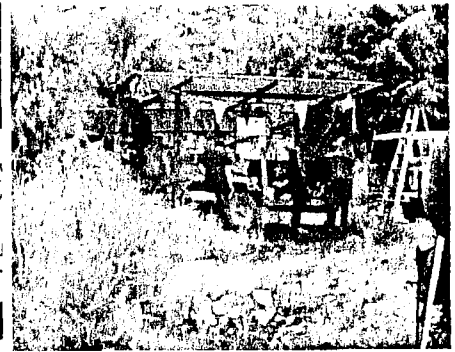
Naukati 4th of July Auction



Christmas 2002



Naukati Shellfish Nursery



EMS Fund Raiser

Comments:

#1 Priority:

Waterfront Development

(Identified as #1 priority in NKI Action plan and CEDP)

(Continuation of Waterfront Master Plan of 1998)

- Desperately need improved launch ramp
- Dock and boat grid
- Fish Cleaning Station
- Hazmat Response Shed to address issues with new Aquaculture spat nurseries and farms in area
- Day Use Facilities (Picnic Table or Benches)
- Pebble Beach is an old CCA site located to the right side of the dock and boat launch site used by kids for swimming and playing. 2 minute trail needs brushed, graveled, and picnic tables and barbeque-spits established
- Community Beach needs renovations on the sheltered barbeque area and outhouse as well as picnic tables, fire pits and play ground area
- RV Park with Shower Facilities
- Visitor Center and Logging Museum as identified in NKI Action Plan



While it was easy to identify the #1 priority, the following will be listed with an understanding that road improvements and upgrades around the community should be undertaken before beautification efforts.



Naukati Boat Dock



Naukati Boat Launch



2060 Road into Naukati

Comments:

Road Committee needs to provide priority list of road works

Road Committee include Bob Prefontaine, Ron Brown and Van Huffman

- Up and coming improvements include opening the throughway to the waterfront from Thimbleberry lane, (I am doing easements and wetlands, Andy and the store and other volunteers are going to build the 50' of road for free)



Comments:

Community Recreation, Exercise, and Relaxation trails within community and commercial and industrial area between the 2060 and 2059 roads:

- ~ 150' of Staircase for the cliff near Roseroot Avenue
 - Cliff is unfeasible for us to economically build and maintain road.
(Prefontaine's will provide access to the adjacent private road incase of emergency, Fire, or EMS only)

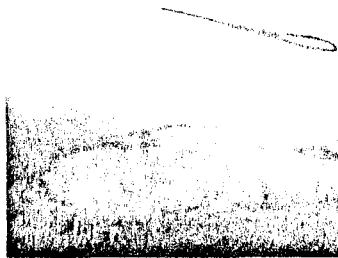


Cliff is in lower right hand side of photo (85-90% Gradient) and private road is shown with the switch back.

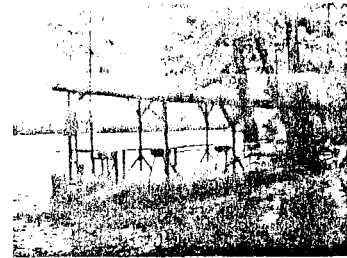
- Church Play Ground for Kids is great, a few upgrades maybe
- Beaver Dam Loop Trail/Interp sign for existing wetlands and the wetlands that will be retained from the upcoming DNR land sale for community wetland reserve and park needs planned and grant
- Heart shaped Bay Out Look and Bike Trails on the 2060 rd
- Killer Hill outlook and/or Community water reservoir
- Shooting Range at Loon Lake Road Pit (off the 2060 rd)
- Camp Site or Day use site at Loon Lake (of the 2060 rd) (lake is recommended by VSW as Watershed for NKI 2000 Village Safe Water and Sewer Feasibility Report)



Heart Shape Bay



Top of Killer Hill



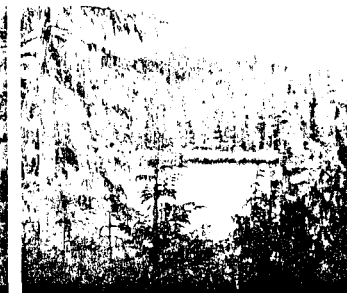
Naukati Picnic Area



Naukati Community Church



Beaver Falls Loop Trail



Loon Lake

Comments:

Karst Caves, River, and Lake Projects:

Sarkar Lake launch ramp and cabin (already established and maintained by USFS)

Staney Creek Cabin (already established and maintained by USFS)

El Cap Caves (already established and maintained by USFS)

Beaver Falls Interpretive Trail (already established and maintained by USFS)

Hatchery Creek and Honker Divide Trail (already established and maintained by USFS)

Sweetwater Lake(already established and maintained by USFS)

Neck Lake

Boyd Lake needs safe access as it currently is very steep and dangerous road prism material next to 7' culvert (cmp)

Trail to Naukati Ponds needs geoblock on trail and at shoreline because of impacts of anglers.



Cavern Lake Cave



El Cap Cave

Comments:

SEA OTTER SOUND

Salt Water Recreation has boundless opportunities to what is possible, though the community needs and would like to have a **Subsistence** preference for the community as well as a sustainable harvest limit for Halibut, Ling Cod, Snapper, King Salmon, Coho, Sockeye, shrimp, crab, beach asparagus, seaweed, and anything else I am leaving out at the moment.

(Sites need to be identified as to public vs. local as well as developed vs. remote)

The following were additional topics on the Coffman Cove Plan that we may have covered above or are not yet ready for:

Picnic

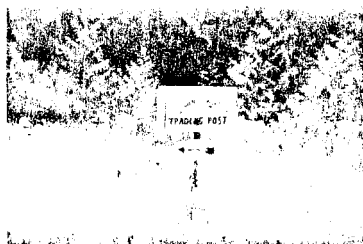
(See above)

Recreational

(See above)

Beautification

- (Welcome to Naukati Sign, with directions to residential areas and the waterfront)
- Really need road work complete before starting on this



Comments:

Needed Recreational Economic Development for Private Enterprise

- Boat, skiff, canoe, kayak, ATV, Jet Ski, and Bike rentals
- Bed and Breakfasts, Bunkhouse, showers and laundry
- RV Park
- Housing in general

Comments:

SOUTHEAST ALASKA NATIVE COALITION / PRINCE OF WALES ISLAND FUNDING SUMMITS
PROGRESS REPORT
AUGUST 2001

Community	Project Name	Project Description	Progress Made	Current Status	Future Needs
	Crisis Home/Halfway House \$300 k	Development of community facility	None	Change in community leadership	No longer a community priority
Naukati	Waterfront Development \$3m	Construction of Public Dock	FS granted \$15 k for planning	Planning	Design & Construction \$\$
	Public Safety Building \$181 k	Design and development of new facility	Design complete	Unknown	Construction \$\$
	Water & Sewer	Water & Sewer upgrades.	DEC funded feasibility study	Feasibility Study complete	Design & construction \$\$
Petersburg	Scow Bay Water & Sewer \$12.7 m	Extension of City Water & Sewer Services	DEC Muni Grants & Loans (FY02) \$1.2 million	Phase II-Sewer Construction Underway	Partial funding for phase 4 & 5
	Harbor Expansion \$11.7 m	Expansion & Renovation of Small Boat Harbors	F&G- \$500,000 EDA-\$3 m, SEAK District, DCED-\$83 k	Phase IV	\$3 Million for Commercial Dock (Phase V)
	Municipal Building \$2.5 m	Construct New Municipal/Public Safety Building	\$80,000 Design & Development funded by the City	Written proposals to Rasmusson Foundation and USCG	Identifying future funding
Saxman	Community Center \$4.8 m	Reconstruction of collapsed Community Center	\$700,000 Insurance, \$1.2 EDA, Village Matching Funds	Ground Cleared- Constructing this summer	\$1.8 million for interior design
	Mahoney Lake Hydroelectric- \$18 m	Cape Fox Corp. & AP&TC joint venture to provide power	Pre-construction studies for intertie- \$100,000	Planning	Construction \$\$
Sitka	Sawmill Cove Industrial	Redevelopment of APC mill site to	Water/Sewer replaced, electric to	Property transferred April	Project Funding Secured

Appendix L

Letter From Andy
Naukati Connection

This is a letter in response to comments made concerning the annexing of Sarkar subdivision into the boundaries of the proposed Naukati City limits. When the Naukati Store first started about 1995, the primary goal was to provide much needed services, such as fuel, groceries, hardware, automotive and marine repair to the North end of Prince of Wales and the out lying areas, i.e. Sea Otter Sound. All of the residence both full and part time were happy to finally have an alternative source, other than Craig, to get that one 90 degree copper fitting or spark plug or quart of oil that would have taken most of the day to run to Craig and get. As time went on the Naukati store became the "go to" place before Craig because of convenience. The ability of Naukati to provide services became what commercial operations needed to build on. The small logging operations, lodges, United States Forest Service as well as A. D. F. and G. have all come to know Naukati as the "Gateway to Sea Otter Sound" allowing continued growth and development on and about the North end of Prince of Wales. The fact is that the Sarkar subdivision has from the beginning used Naukati to develop and grow to what it is today. One of the main services provided early on was fuel. Not only for equipment, but for El Cap Lodge, which at one time had been one of the larger accounts the store had. As the business grew and prospered, the development of fuel storage and boat launching became necessary to be on site at the El Cap facility, lessening the dependence on Naukati services. However, the fact that El Cap and the Sarkar Development has grown only supports the argument that Naukati has been and still is a vital link to development of the North end properties and Businesses. The fact is that Sarkar residents still use Naukati to this day, although not as a fuel source, the services provided are no less important, boat repair, mail, phone, groceries, fishing lic., auto repair, and information network.

In the last ten years Naukati has grown and matured bringing positive changes benefiting all of Prince of Wales Island, and especially the Sea Otter Sound and North end residents. With the current development of a new school and ferry service to Coffman Cove the future for this community looks very bright. It will be the Sarkar residents choice to use or not use the services provided by this community, however, it will be Naukati "The gateway to Sea Otter Sound" for a long time to all of the people of Prince of Wales Island.

ANDREW RICHTER
NAUKATI, CONNECTION

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

AFFIDAVIT OF SERVICE

In the matter of the Brief of
Naukati for the support of
the Second-Class City
Petition.

I, Art. King, hereby swear or affirm that on the 20
day of August, 2004, a copy of the Community of Naukati's reply brief in response to
El Capitan Lodge and Scott Van Valin's opposition brief and other public comments was
served on the following via U.S. mail in accordance with 19 AAC 10.490:

Art. King

Affiant

Subscribed to and sworn before me this 20th day of August,
2004.

Barbara Richlin

Notary Public for the State of Alaska

My Commission Expires: June 6, 2005

APPENDIX D

Naukati

Community Overviews

1990 Population and Housing Characteristics

2000 Population and Housing Characteristics

Economy, Employment, Income and Poverty

Capital Project and Grants-RAPIDS


[Services](#) [Staff Directory](#)
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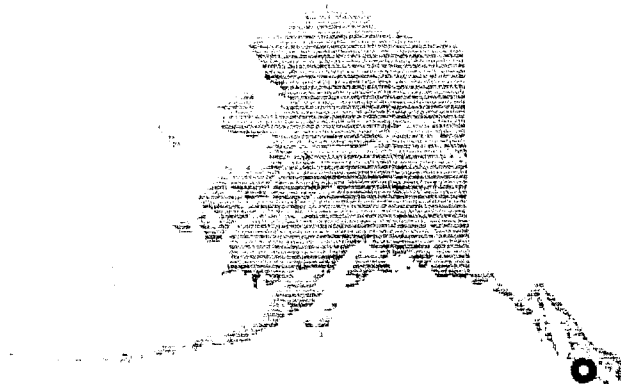
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- › [Land Manage](#)
- › [State Assess](#)
- › [Floodplain Ma](#)
- › [VISTA Progra](#)
- › [Division Grant](#)
- › [Sharing](#)
- › [Small Busines](#)
- › [Office of Fishe](#)
- › [Community De](#)
- › [Alaska Region](#)
- › [Development](#)



Naukati Bay

2000 Population and Housing Characteristics

The following Population and Housing data is from the **2000 U.S. Census**.

Additional detail is available from the
Alaska Department of Labor and Workforce Development, Census and Geographic
Information Network
and the U.S. Census Bureau's American FactFinder.

Naukati Bay is located in the **Prince of Wales** Census Area.

Population by Race:

Population in 2000:	135
White:	117
Alaska Native or Amer. Indian:	13
Black:	1
Asian:	3
Hawaiian Native:	0
Other Race:	1
Two or More Races:	0

Percent Native*: 9.60%

(*Percent reporting Alaska Native alone or in combination with one or more races)

All or Part Alaska Native/Indian: 13

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- › [Alaska Comm](#)
- › [RAPIDS Capit](#)
- › [Economic Dev](#)
- › [Guide](#)
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- › [Calendar of Ev](#)
- › [Funding Summ](#)
- › [Community Fu](#)

Hispanic Origin (Any Race):	1
Not Hispanic (Any Race):	134

Population by Gender and Age:

Male:	81
Female:	54

Age 4 and under:	9
Age 5 - 9:	8
Age 10 - 14:	19
Age 15 - 19:	8
Age 20 - 24:	2
Age 25 - 34:	19
Age 35 - 44:	28
Age 45 - 54:	17
Age 55 - 59:	8
Age 60 - 64:	14
Age 65 - 74:	3
Age 75 - 84:	0
Age 85 and over:	0

Median Age:	36.6
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Pop. Age 18 and over:	91
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Pop. Age 21 and over:	91
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Pop. Age 62 and over:	11
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Census Population History:

1880:	0
1890:	0
1900:	0
1910:	0
1920:	0
1930:	0
1940:	0
1950:	0
1960:	0

1970:	0
1980:	0
1990:	93
2000:	135
Comments:	

Housing Characteristics:

Total Housing Units:	78
Occupied Housing (Households):	60
Vacant Housing:	18
Vacant Due to Seasonal Use:	0
Owner-Occupied Housing:	41
Median Value Owned Homes:	\$80,000
Renter-Occupied Housing:	19
Median Rent Paid:	\$450
Total Households:	60
Avg. Household Size:	2.25
Family Households:	34
Avg. Family Household Size:	3.03
Non-Family Households:	26
Pop. Living in Households:	135
Pop. Living in Group Quarters:	0

The following Census figures are estimates, based on a sample.
 The percent of all households sampled in Naukati Bay during the 2000 Census was
44.9%.

Housing Structure Types:

Single Family (Detached):	42
Single Family Attached:	0
Duplex:	0
3 or 4 Units:	0
5 to 9 Units:	0
10 to 19 Units:	0

20 plus Units:	0
Trailers/Mobile Homes:	34
Boats/Other Types:	0

Plumbing/Kitchen/Phones/Heating:

Total Households: 60

Percent of Households That

Lack Complete Plumbing (lack sink, bath/shower or flush toilet):	26.2%
Lack a Complete Kitchen (lack stove, fridge or running water):	6.6%
Lack Phone Service:	18.0%
Heat Using Electricity:	3.3%
Heat Using Fuel Oil, Kerosene:	55.7%
Heat Using Wood:	37.7%
Heat Using Piped Gas (utility):	0.0%
Heat Using Bottled, Tank, LP Gas:	3.3%
Heat Using Coal or Coke:	0.0%
Heat Using Solar Energy:	0.0%
Heat Using Other Fuel:	0.0%
Use No Fuel:	0.0%


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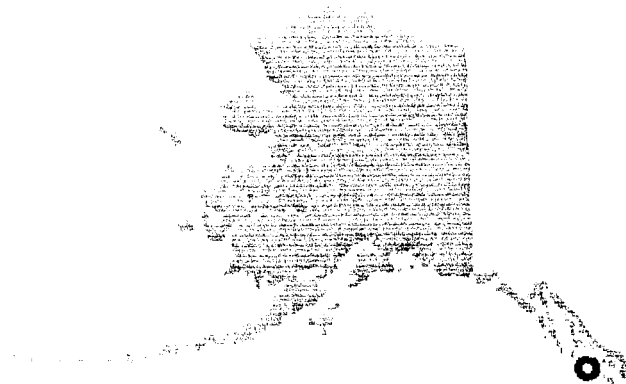
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Naukati Bay

1990 Population and Housing Characteristics

The following Population and Housing data is from the **1990 U.S. Census**. Additional detail is available from the Census Bureau's [American FactFinder](#).

Note: Some 2000 U.S. Census figures are currently available. Comparable data between 1990 and 2000 may not be available. The population of Naukati Bay during the **2000 Census was 135**.

Naukati Bay is located in the **Prince of Wales** Census Area.

Population by Race:

Population in 1990:	93
White:	91
American Indian:	1
Eskimo:	0
Aleut:	0
Black:	0
Asian/Pacific Islands:	1
Other Race:	0
 Total Native Population:	 1
Total Non-Native Population:	92
Percent Native:	1.1%

Of Interest

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- [RAPIDS Capit](#)
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Male Population:	64
Female Population:	29

Housing Characteristics:

Total Housing Units:	41
Occupied Housing:	36
Vacant Housing:	5
Owner Occupied Housing:	17
Median Value Owned Homes:	\$0
Renter Occupied Housing:	19
Median Rent Paid:	\$200
Pop. in Owned Units:	36
Pop. in Rented Units:	41
Pop. in Institutions:	0
Pop. in Group Quarters:	16

Housing Structure Types:

Single Family (Detached):	7
Single Family Attached:	0
Duplex:	0
3 or 4 Units:	0
5 to 9 Units:	0
10 to 19 Units:	0
20 plus Units:	0
Trailers/Mobile Homes:	33
Boats/Other Types:	1

Household Types:

Occupied Households:	36
Family Households:	20
Non-Related Households:	16
Avg. Persons per House:	2.10

The following Census figures are estimates, based on a sample.

The percent of all households sampled in Naukati Bay
during the 1990 Census was **48.8%**.

Plumbing/Water/Sewer/Heating/Phones:**Plumbing, Percent of Households That**

Lack Complete Plumbing (lack sink, bath/shower or flush toilet):	12.8%
Lack a Complete Kitchen (lack stove, fridge or running water):	12.8%

Water, Percent of Households Using

Public Water System:	69.2%
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Individual Well:	0.0%
Other (River, Cistern, etc.):	30.8%

Sewer, Percent of Households Using

Public Sewer System:	69.2%
Individual Septic Tank/Cesspool:	7.7%
Other Disposal (Honeybucket, Outhouse, etc.):	23.1%

Heating Methods, Percent of Households Using:

Electricity:	0.0%
Fuel Oil, Kerosene:	67.6%
Wood:	32.4%
Piped Gas (utility):	0.0%
Bottled, Tank, LP Gas:	0.0%
Coal or Coke:	0.0%
Solar Energy:	0.0%
Other Fuel:	0.0%
No Fuel Used:	0.0%

Phones, Percent of Households That:

Do Not Have Phone Service:	100.0%
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- [VISTA Program](#)
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- [Office of Fisheries](#)
- [Community Development](#)
- [Alaska Regional Development](#)



Naukati Bay

Economy, Employment, Income and Poverty

General Description of the Local Economy:

Small sawmills and related logging and lumber services are the sole income sources. Employment is seasonal. Naukati is a log transfer site for several smaller camps on the Island. Homesteading families arrived in the 1990s.

The following Income and Employment data is from the **2000 U.S. Census**. Additional detail is available from the Alaska Department of Labor and Workforce Development, Census and Geographic Information Network and the U.S. Census Bureau's [American FactFinder](#).

Of Interest

- [Alaska Economic Development](#)
- [Alaska Community Development](#)
- [RAPIDS Capital](#)
- [Economic Development Guide](#)
- [Publications](#)
- [Related Links](#)
- [Local Government](#)
- [Calendar of Events](#)
- [Funding Summary](#)
- [Community Funding](#)

These figures are estimates based on a sample, and are subject to sampling variability. The percent of all households sampled in Naukati Bay was **44.9%**.

Note: Current socio-economic measures could differ significantly.

Naukati Bay is located in the **Prince of Wales** Census Area.

Income and Poverty Levels:

Per Capita Income:	\$15,949
Median Household Income:	\$27,500
Median Family Income:	\$32,917
Persons in Poverty:	12
Percent Below Poverty:	9.5%

Employment:

Total Potential Work Force (Age 16+):	98
Total Employment:	39
Civilian Employment:	39
Military Employment:	0
Civilian Unemployed (And Seeking Work):	16
Percent Unemployed:	29.1%
Adults Not in Labor Force (Not Seeking Work):	43
Percent of All 16+ Not Working (Unemployed + Not Seeking):	60.2%
Private Wage & Salary Workers:	24
Self-Employed Workers (in own not incorporated business):	4
Government Workers (City, Borough, State, Federal):	11
Unpaid Family Workers:	0

Employment by Occupation:

Management, Professional & Related:	11
Service:	2
Sales & Office:	5
Farming, Fishing & Forestry:	10
Construction, Extraction & Maintenance:	2
Production, Transportation & Material Moving:	9

Employment by Industry:

Agriculture, Forestry, Fishing & Hunting, Mining:	17
Construction:	2
Manufacturing:	0
Wholesale Trade:	0
Retail Trade:	2
Transportation, Warehousing & Utilities:	0
Information:	2
Finance, Insurance, Real Estate, Rental & Leasing:	0
Professional, Scientific, Management, Administrative & Waste Mgmt:	2
Education, Health & Social Services:	9
Arts, Entertainment, Recreation, Accommodation & Food Services:	3
Other Services (Except Public Admin):	0
Public Administration:	2



Community Database Online

State of Alaska > Commerce > Community Advocacy > Community Database Online > Detail Community Information



Quick Link

- Local Governr
- Local Boundar
- Rural Utility B
- Alaska Coast
- Land Manag
- State Assess
- Floodplain Ma
- VISTA Progra
- Division Grant Sharing
- Small Busines
- Office of Fishe
- Community De
- Alaska Region Development

Of Interest

- Alaska Econo
- Alaska Comm
- RAPIDS Capit
- Economic Dev Guide
- Publications
- Related Links
- Local Govern
- Calendar of Ev
- Funding Sum
- Community Fu



Naukati Bay

Facilities, Utilities and Services

General Description of Sanitation Facilities:

Water is derived from rain catchment and several small streams. The 9 logging camp homes are connected to a piped water and sewer system with full plumbing. The 27 homesteaders collect rainwater or haul water and use outhouses. Funds have been requested to study alternatives for a treated community water source and sewage disposal system. The community burns its refuse and ships the ash to Thorne Bay's landfill.

Water Distribution, Source & Treatment Systems:

Water System Operator:	Individuals; Private
Washeteria Operator:	Not available
Piped Water System:	Yes
Central Watering Point (Haul):	Yes
Multiple Watering Points:	No
Water Truck (Delivery):	No
Individual Wells:	No
Community Well Source:	No
Surface Water Source:	Yes
DEC Water Permit Number:	None
Water Is Filte0000FF:	Yes
Water Is Chlorinated:	Yes

Sewage Collection Systems:

Sewer System Operator:	Individuals; Community
Piped Sewer System:	Yes
Honeybucket Haul:	No
Honeybucket Pits:	No
Individual Septic Tanks:	Yes
Community Septic Tank:	No
Sewage Pumper:	No
Sewage Lagoon:	No
Sewage Lift Station:	No
Outhouses:	Yes

Refuse/Landfill System:

Refuse Collector:	Individuals
Landfill Operator:	Not available
DEC Landfill Permit:	
Type of Landfill:	

Electric Utility:

Electric Utility Name:	Alaska Power & Telephone
Utility Operator:	Private
Power Source:	Diesel
KiloWatt Capacity:	533
Rate/KiloWatt Hour:	15.4 cents/KWH
Power Cost Equalization (PCE) Subsidy:	Yes

Bulk Fuel:

Tank Owners (Number of tanks / Total capacity):

Health Care:

Clinic/Hospital in Community:	
Clinic/Hospital Phone (area code 907):	
Operator:	N/A
Owner:	N/A
Facility Status:	
Alternate Health Care:	Naukati EMS (629-4234)
Health Comments:	Naukati Bay is classified as an isolated village, it is found in EMS Region 3A in the Southeast Region. Emergency Services have limited highway, coastal and floatplane access. Emergency service is provided by volunteers

Visitor Accomodations/Information:

Airline Services:	Taquan Air Service
Taxis:	
Car Rentals:	
Accommodations (area code 907):	Sea Otter Sound Fish Camp
Visitor Attractions:	
Cultural Events:	

Local Services & Facilities:

Police:	None
Fire/Rescue:	Volunteer Fire Dept.; Naukati EMS (629-4234)
Court/Magistrate:	
Youth Center:	
Community Hall:	
Senior Services:	
Gym or Pool:	
Bingo:	
Movie Theater:	
Museum:	
Library:	

Communications:

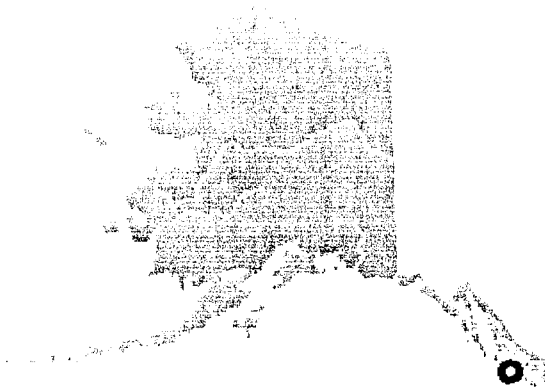
In-State Phone:	Alaska Telephone Company/AP&T
Long-Distance Phone:	AT&T Alascom; Alaska Telephone
Internet Service Provider:	
TV Stations:	ARCS
Radio Stations:	KRSA-AM
Cable Provider:	None
Teleconferencing:	

Services Webmaster


[Services](#) [Staff Directory](#)
[Commerce](#)

Community Database Online

State of Alaska > [Commerce](#) > [Community Advocacy](#) > [Community Database Online](#) > [Detail Community Information](#)



Naukati Bay

Quick Links

- > [Local Government](#)
- > [Local Boundaries](#)
- > [Rural Utility Board](#)
- > [Alaska Coastal Program](#)
- > [Land Management](#)
- > [State Assessment](#)
- > [Floodplain Management](#)
- > [VISTA Program](#)
- > [Division Grant Sharing](#)
- > [Small Business](#)
- > [Office of Fisheries](#)
- > [Community Development](#)
- > [Alaska Regional Development](#)

Capital Projects and Grants - RAPIDS

(Rural Alaska Project Identification and Delivery System)

For more information on a specific project, contact the Lead Agency.

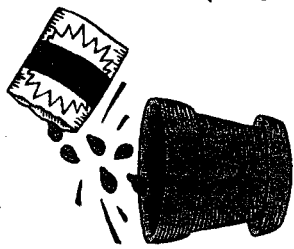
Lead Agency	Fiscal Year	Project Status	Project Description	Project Stage	Agency Cost	Total Cost
EED	2003	Funded	Naukati School Replacement - Funded by State GO Bond	Design	\$4,018,031	\$4,100,032
DCED	2003	Funded	Road Reconstruction - Capital Matching	Completed	\$25,000	\$26,316
DCED	2002	Funded	Naukati West Road Construction and Pit Development - Capital Matching	Completed	\$25,000	\$26,316

Of Interest

- > [Alaska Economic Development](#)
- > [Alaska Community Development](#)
- > [RAPIDS Capital Projects](#)
- > [Economic Development Guide](#)
- > [Publications](#)
- > [Related Links](#)
- > [Local Government](#)
- > [Calendar of Events](#)
- > [Funding Summary](#)
- > [Community Funding](#)

DCED	2001	Funded	Road Upgrade - Capital Matching	Completed	\$25,361	\$26,696
DCED	2000	Funded	Road Construction/Pit Development - Capital Matching	Completed	\$25,022	\$26,339
DCED	2000	Funded	Build Public Boat Launch Ramp - Mini-Grant	Completed	\$28,350	\$34,050
DEC/VSU	2000	Funded	Water/Sewer Study - Feasibility study to address water source, water treatment and sewage disposal alternatives	Completed	\$16,667	\$50,000
DCED	1999	Funded	Road Construction - Capital Matching	Completed	\$25,000	\$26,316
USFS	1999	Funded	Emergency Services Facility - Economic Recovery Assistance - Cooperative Forestry	Completed	\$5,000	\$5,000
DCED	1998	Funded	Road Construction - Capital Matching	Completed	\$25,000	\$26,316
DCED	1997	Funded	Road Construction/Pit Development - Capital Matching	Completed	\$25,000	\$26,316
AEA	1997	Funded	Develop Centralized Electric System - AP&T providing \$150K. Install new 150 diesel generator and 30 customer	Completed	\$80,000	\$230,000

			meter boxes			
DCED	1996	Funded	Road Construction/Pit Development - Capital Matching	Completed	\$25,000	\$26,316
DCED	1995	Funded	Road Construction/Pit Development - Capital Matching	Completed	\$25,000	\$26,316
N/A	2004	Potential	Naukati Road Reconstruction - Southeast Conference	N/A	\$0	\$8,000,000
N/A	2003	Potential	Public Health, Fire and Safety Building - Includes rooms for the Fire and EMS Departments, VPSO office & visiting public health clinic.	N/A	\$0	\$245,580



- Use Strategic Community Action Plan as Guide
- If not awarded VSW grants plan to be ready to reapply before September 04 Deadline
- Work with Tlingit-Haida Housing Authority, Ward Creek Industrial, R&M Engineering, Templin Surveying, Alaska Small Business Association, USDA, Wells Fargo, First Bank, & Tongass Credit Union to make available applications as well as search out other sources of aid
- USDA RD Community Facilities Grant/loan Program contact Keith Perkins for Waterfront & Water & Sewer.
- Army Corp of Engineers for Breakwater grant for Water Front contact Steve Boardman, also for wetlands work for community water & sewer
- Department of Defense IRT/National Guard can provide labor & rent equipment for project, just can not purchase materials. Contact Mike Grunst.
- Distribute low interest loan applications for individual waste water and water treatment systems.
- Most Grants for 2004-2005 have deadlines in February & March and then again in September.

Naukati West Homeowners Association

If you have any suggestions, would like to help with finding solutions please do not hesitate to contact

Brandy Prefontaine between the hours of

10 to Noon on Thursdays.

Phone: (907) 629-4274

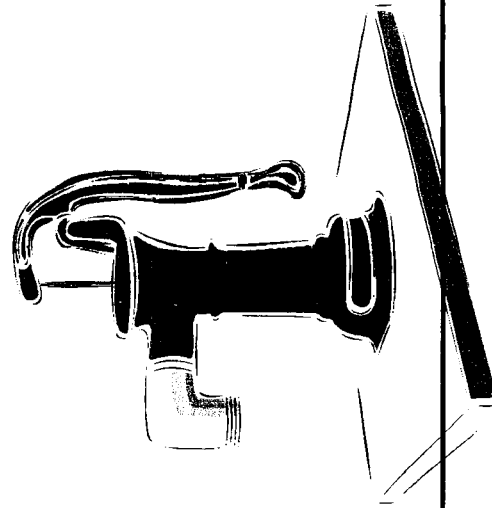
Fax: (907) 629-4275

Email: BPrefontaine@aol.com

Naukati West Homeowners Association

WATER & SEWER COMMUNITY CARE PROGRAM UPDATE

DECEMBER 7, 2003



Working on providing safe and sound protection for Your Gateway to Sea Otter Sound

APPENDIX E

**Naukati West Shellfish Nursery
Business License, OPERATION PERMIT
AND LEASE AGREEMENT**

STATE OF ALASKA

FRANK MURKOWSKI, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF COMMERCIAL FISHERIES

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-6150
FAX: (907) 465-4168

ADF&G SHELLFISH NURSERY OPERATION PERMIT DFG-03-03-HA-SE

Effective Date: February 6, 2004
Expiration Date: February 5, 2014

Issued: July 15, 2004

Mr. Art King
Naukati West Homeowners Association
Box NKI #1
Naukati, AK 99950

(907) 629-4266
claireking@starband.net

Dear Mr. King:

This permit, in addition to Naukati West's Department of Natural Resources (DNR) Aquatic Farmsite Lease and any other authorizations required to operate a Shellfish Nursery, allows you to operate as described in the project description and attachments, and subject to the terms and conditions herein.

Project Description

Alaska Department of Natural Resources:	ADL 106994
Alaska Coastal Management Program:	AK 0307-05J
U.S. Army Corps of Engineers Permit:	GP 91-7N

The Naukati West Homeowners Association will operate a shellfish nursery (Fluidized Upweller System, FLUPSY) to support aquatic farms in southeast Alaska. The FLUPSY is within Naukati Harbor and the total acreage is 0.08 acres. The FLUPSY is capable of growing four million 4-6 mm spat to approximately 20-25 mm.

There are three components of the proposal: 1) the FLUPSY; 2) a wooden walkway; and 3) a log breakwater. The FLUPSY's dimensions are approximately 20 feet by 10 feet within an area measuring approximately 50 feet by 50 feet (0.06 acres). The power for the FLUPSY is a marine-sheathed cable from a meter adjoining the Naukati school gymnasium. The cable is suspended from a floating wooden walkway, approximately 8 feet wide by 80 feet long (0.01 acres), extending from the gym and 50-foot float (authorized under LAS 23368 to the Southeast Island School District) to the

Alaska Department of Community and Economic Development
P.O. Box 110806, Juneau, Alaska 99811-0806

ALASKA BUSINESS LICENSE

The licensee named below holds Alaska Business License Number 720562
covering the period of: May 4, 2004 through December 31, 2005
Line of Business: 11 Agriculture, Forestry, Fishing and Hunting

NAUKATI WEST SHELLFISH NURSERY

N.K.I. BOX 1, NAUKATI, AK 99950

Owner:
NAUKATI WEST INC.

This license shall not be taken as permission to do business in the state without having complied with
the other requirements of the laws of the State of Alaska or of the United States.

*Department of Community and Economic Development
Commissioner: Edgar Blatchford*

This license must be posted in a conspicuous place at the business location. It is not transferable or assignable.

**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
550 W. 7th Avenue, Suite 900C
Anchorage, Alaska 99501-3577**

ADL No. 106994

LEASE AGREEMENT

Effective this **2nd** day of **January, 2004**, this lease agreement is entered into by the State of Alaska, hereafter referred to as "lessor," and **Naukati West Homeowners, Inc.**, hereafter referred to as "lessee," whether one or more, whose sole addresses for purposes of notification under this lease agreement are listed in section 28.

The lessor and the lessee agree that this lease, including all attachments and documents that are incorporated in this lease by reference, contains the entire agreement between the parties, and each of the covenants and conditions in this lease including any attachments will be binding upon the parties and upon their respective successors and assigns. The lessor and the lessee further agree that this lease is conditioned upon satisfactory performance by the lessor and the lessee of all covenants and conditions contained in this lease. The lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the lessee under this lease, and the rights and remedies of the lessor.

This lease is subject to all applicable state, federal, and municipal statutes, regulations, and ordinances in effect on the effective date of this lease, and insofar as is constitutionally permissible, to all statutes, regulations, and ordinances placed in effect after the effective date of this lease. A reference to a statute, regulation, or ordinance in this lease includes any change in that statute, regulation, or ordinance, whether by amendment, repeal and replacement, or other means. This lease does not limit the power of the State of Alaska, its political subdivisions, or the United States of America to enact and enforce legislation or to adopt and enforce regulations or ordinances affecting, directly or indirectly, the activities of the lessee or its agents in connection with this lease or the value of the interest held under this lease. In case of conflicting provisions, statutes, regulations, and ordinances take precedence over this lease. This lease shall not be construed as a grant or recognition of authority for promulgation or adoption of municipal ordinances that are not otherwise authorized.

1. Grant. This **aquatic farm** lease is issued under the authority of **AS 38.05.083**, for a term of **ten (10)** year(s) beginning on the **2nd** day of **January, 2004** and ending at 12 o'clock midnight on the **31st** day of **December, 2013**, unless sooner terminated, subject to: compensation as specified in section 2; the attached development plan approved by the state on **October 30, 2003**; and attached stipulations, if any, that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

Township 69 South, Range 79 East, Copper River Meridian, Section 24 and Township 69 South, Range 80 East, Copper River Meridian, Section 19.

Those tide and submerged lands within Naukati Harbor, Prince of Wales Island, in Southeast Alaska and further described as:

 Lessee

APPENDIX F

**Naukati Industrial/Commercial
Lot Sales**

NAUKATI INDUSTRIAL / COMMERCIAL

Auction # 428

A Public Outcry Auction of 24 Lots
Located Near Naukati, Alaska

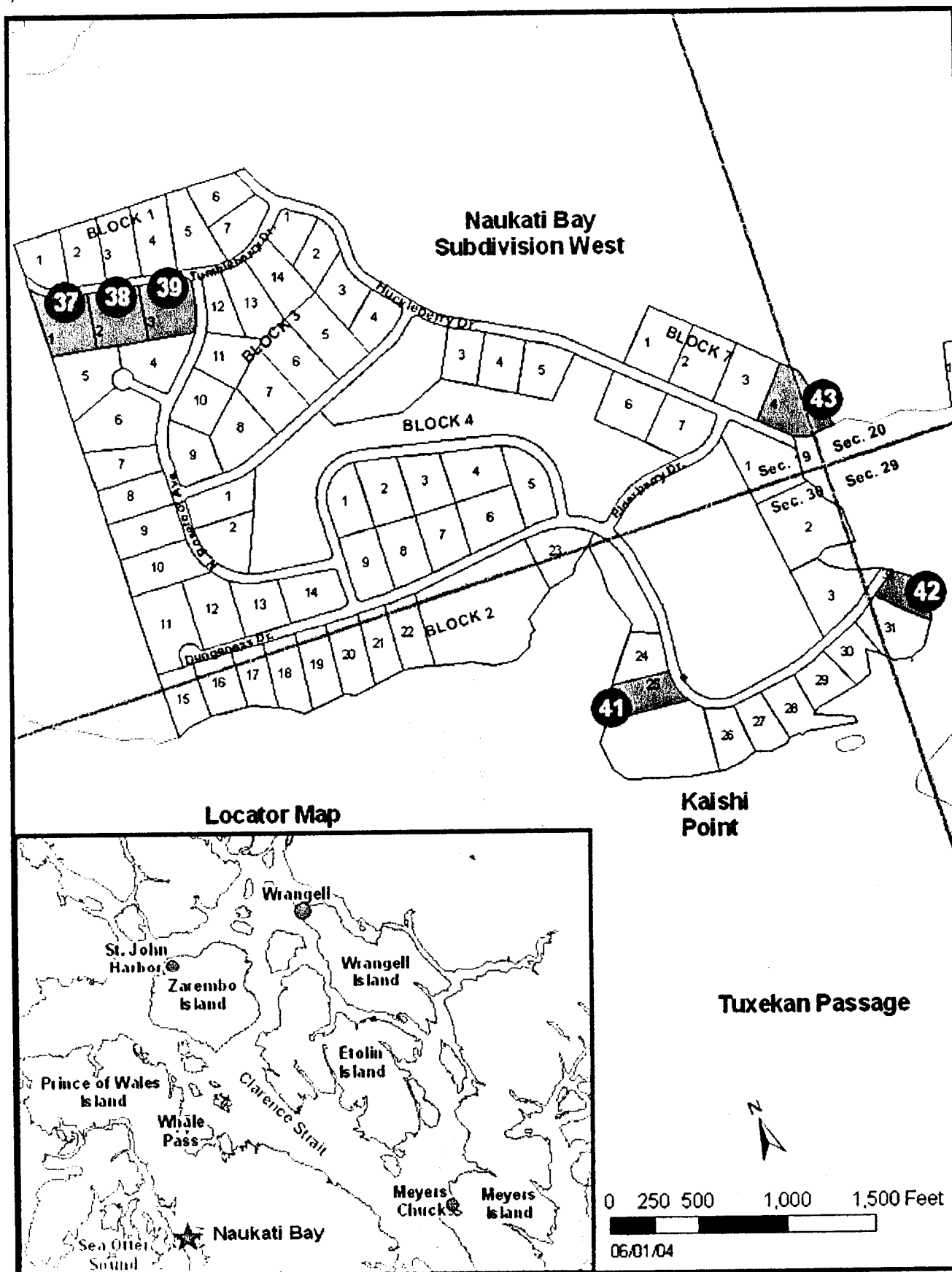
Place of Auction: **Naukati Floating School Gym
Naukati Harbor**

Date of Auction: **Tuesday, May 21, 2002**

Time of Auction: **Bidders' Registration 1:00 PM
Briefing and Auction 2:00 PM**

Subject to A.S. 38.04, A.S. 38.05, and the regulations implementing those laws, the Division of Mining, Land and Water will offer for sale by public outcry auction to the highest qualified bidder the following real property in Naukati Industrial Subdivision (Alaska State Land Survey No. 2001-11) and Naukati Commercial Subdivision (Alaska State Land Survey No. 2001-13) located near Naukati, Alaska, within the Ketchikan Recording District:

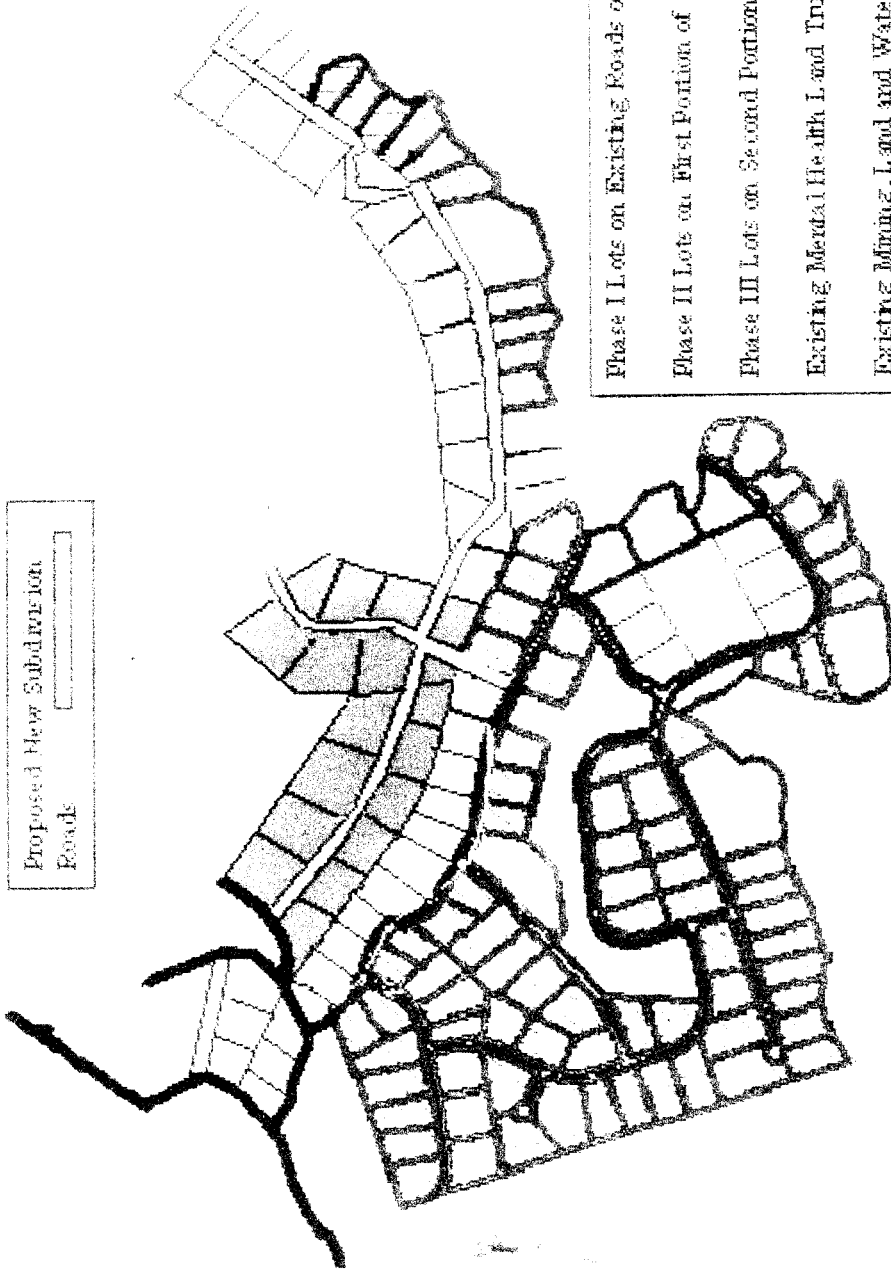
<u>Parcel</u>	<u>ADL Number</u>	<u>Legal Description</u>		<u>Size (Acres)</u>	<u>Map</u>	<u>Reservation</u>	<u>*Minimum Bid</u>
1	ADL 106872	ASLS 2001-11	Lot 1	2.83	1	A	\$19,000
2	ADL 106873	ASLS 2001-11	Lot 2	3.66	1	A	\$18,400
3	ADL 106874	ASLS 2001-11	Lot 3	2.20	1	A,B	\$12,400
4	ADL 106875	ASLS 2001-11	Lot 4	4.08	1	A,B	\$17,800
5	ADL 106876	ASLS 2001-11	Lot 5	4.12	1	A	\$21,800
6	ADL 106877	ASLS 2001-11	Lot 6	4.24	1	A	\$22,200
7	ADL 106878	ASLS 2001-11	Lot 7	4.24	1	A	\$27,700
8	ADL 106879	ASLS 2001-13	Lot 1	1.76	2	A	\$ 9,700
9	ADL 106880	ASLS 2001-13	Lot 2	1.69	2	A	\$11,500
10	ADL 106881	ASLS 2001-13	Lot 3	1.84	2	A	\$11,100
11	ADL 106882	ASLS 2001-13	Lot 4	1.76	2	A	\$12,100
12	ADL 106883	ASLS 2001-13	Lot 5	3.15	2	A	\$17,300
13	ADL 106884	ASLS 2001-13	Lot 6	3.11	2	A	\$15,400
14	ADL 106885	ASLS 2001-13	Lot 7	1.78	2	A	\$10,900
15	ADL 106886	ASLS 2001-13	Lot 8	1.48	2	A	\$ 9,200
16	ADL 106887	ASLS 2001-13	Lot 9	1.74	2	A	\$13,300
17	ADL 106888	ASLS 2001-13	Lot 10	1.79	2	A	\$12,900
18	ADL 106889	ASLS 2001-13	Lot 11	1.39	2	A	\$ 8,300
19	ADL 106890	ASLS 2001-13	Lot 12	1.80	2	A	\$11,500
20	ADL 106891	ASLS 2001-13	Lot 13	4.94	2	A	\$22,200
21	ADL 106892	ASLS 2001-13	Lot 14	2.16	2	A	\$13,400



APPENDIX G

**Naukati Three Phase
Land Sale 2005**

Proposed New Subdivision
Roads



- Phase I Lots on Existing Roads or Waterfront
- Phase II Lots on First Portion of New Roads
- Phase III Lots on Second Portion of New Roads
- Existing Mental Health Land Trust Lots
- Existing Mining, Land and Water Lots

APPENDIX H

Naukati Mental Health Land Sale 2004

Parcel 37-43: Naukati Bay Subdivision West

ASLS 85-317

Naukati is approximately 30 miles north of Craig and 20 miles southwest of Coffman Cove on Prince of Wales Island. Naukati Bay Subdivision West is located on the north side of Tuxekan Passage at the mouth of Naukati Bay. The community of Naukati has developed over the past 30 years from its original logging camp status to an independent community. The community is in the process of establishing a second-class city, and a new school is under construction. Primary local access is via unpaved gravel logging roads and the population is between 150 and 200 people. The area was extensively clear cut over the past 30 years, and the resulting regrowth is quite dense. Vegetation is typical temperate rain forest and water and sewage disposal will have to be provided on site. Parcels 41, 42, and 43 are waterfront lots.

PARCEL

PARCEL INFORMATION

37



MHT#:	9100401	Acres:	2.360
Legal:	C69S80E, Sec 19	Minimum Bid:	\$23,600.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 2, Lot 1	Codes:	

38



MHT#:	9100402	Acres:	2.160
Legal:	C69S80E, Sec 19	Minimum Bid:	\$21,600.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 2, Lot 2	Codes:	

39



MHT#:	9100403	Acres:	1.980
Legal:	C69S80E, Sec 19	Minimum Bid:	\$19,800.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 2, Lot 3	Codes:	

41



MHT#:	9100404	Acres:	1.880
Legal:	C69S80E, Sec 30	Minimum Bid:	\$71,400.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 2, Lot 25	Codes:	

42

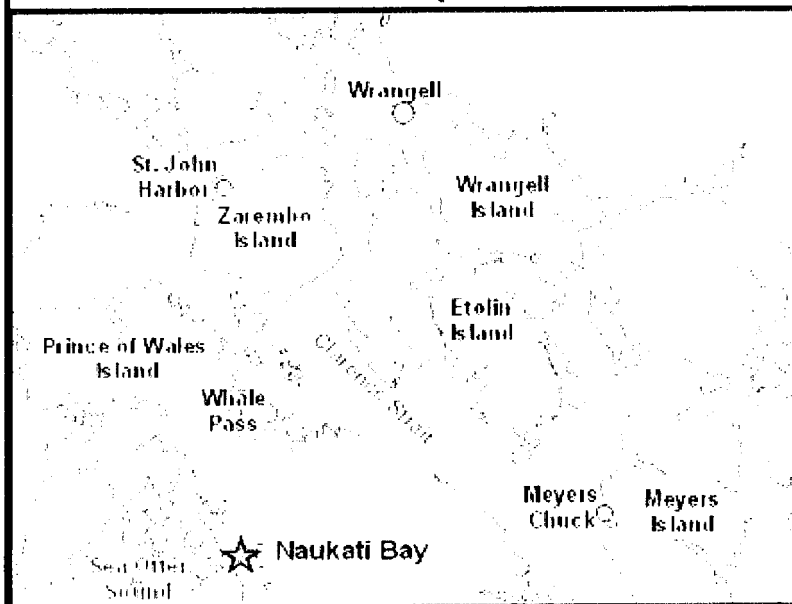
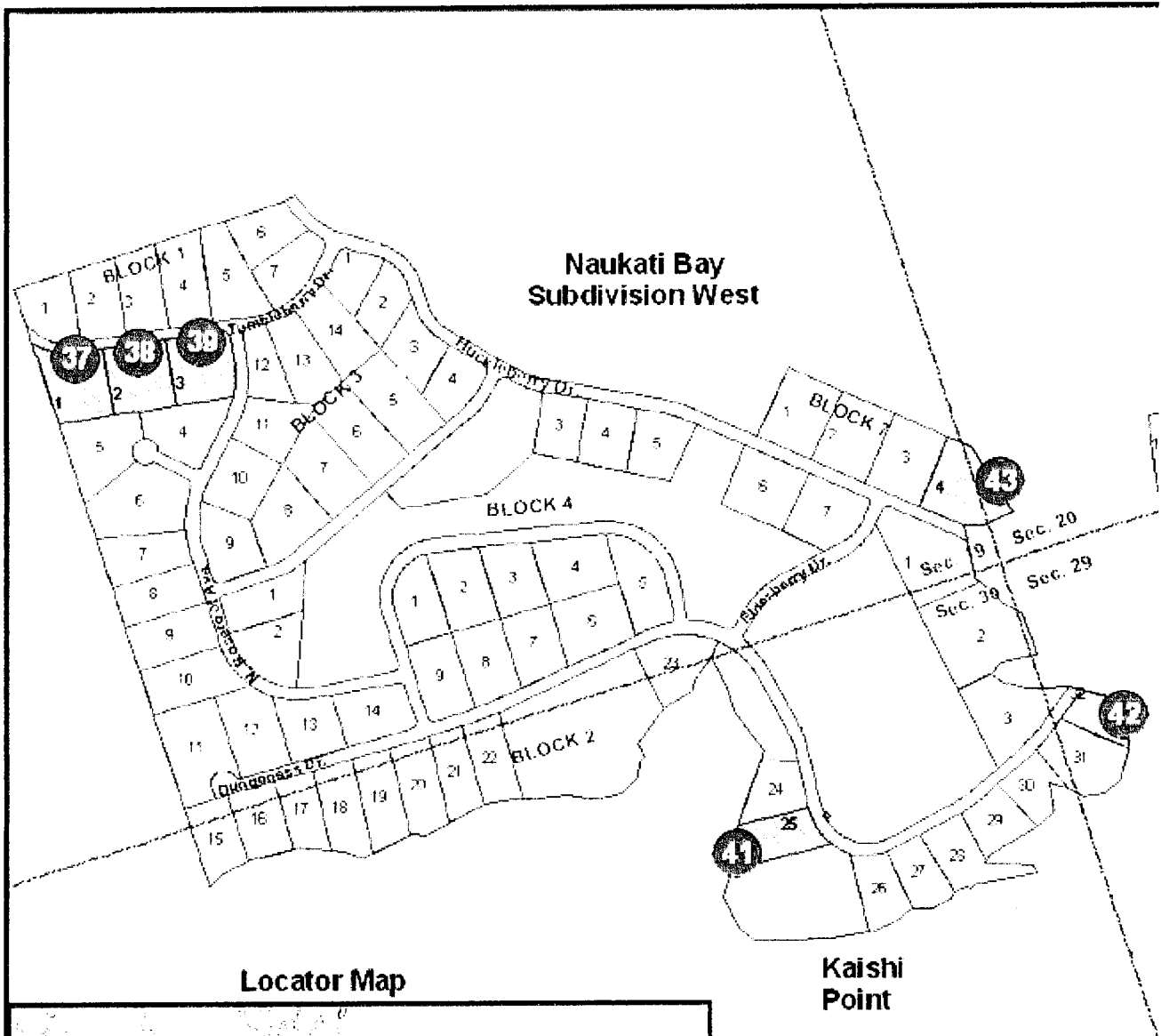


MHT#:	9100405	Acres:	1.230
Legal:	C69S80E, Sec 29	Minimum Bid:	\$31,000.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 2, Lot 32	Codes:	

43



MHT#:	9100406	Acres:	2.400
Legal:	C69S80E, Sec 19, 20	Minimum Bid:	\$48,000.00
Survey:	85-317	Reservation	A
Block/Lot:	Block 7, Lot 4	Codes:	



Tuxekan Passage

